FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

East Asia

FBIS-EAS-96-017
Thursday
25 January 1996

Daily Report
East Asia

FBIS-EAS-96-017 **CONTENTS** *25 January 1996*

NOTICE: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

Cambodia, Burma, Laos Excluded From Asia-Europe Meeting *[THAILAND TIMES 6 Jan]* 1
Regional Security Promoted at Second Pacific Dialogue Meeting *[Kuala Lumpur International]* 1
New APEC Director Interviewed on Action Plans *[KYODO]* 1
APEC Four-Day Meeting Achieved 'Good Progress' *[Quezon City Radio]* 3
Asia-Pacific Parliamentary Forum Opens in Thailand *[Bangkok TV]* 3
Asia-Pacific Parliamentary Forum Agrees To Expand Membership *[BANGKOK POST 18 Jan]* 3
Asia-Pacific Forum To Set Up Antiterrorism Working Group *[THE NATION 17 Jan]* 4
Asia-Pacific Parliamentarian Forum Closes *[THE NATION 19 Jan]* 5
Nuclear Disarmament Commission Holds First Meeting in Canberra *[Melbourne International]* 5
Australia's Evans Urges 'Compact' on Nuclear Weapons *[Melbourne International]* 6
Nuclear Commission Ends Meeting, Expresses Optimism *[Melbourne International]* 6
KEDO Chief Urges Member States To Make Contributions *[KYODO]* 6
ASEAN Meeting in Bangkok Makes Decision on Refugees *[Melbourne International]* 7
Seventh Round of East Timor Talks Held in London *[Jarkarta Radio]* 7
China Opposes U.S. Proposal To Grant Taiwan APPF Membership *[THAILAND TIMES 18 Jan]* 7
Asia-Pacific Security Forum Wraps Up Two-Day Tokyo Meeting *[KYODO]* 7
Malaysian Prime Minister on Asian 'Renaissance' *[THE STAR 12 Jan]* 8

NORTHEAST ASIA

Japan

Tokyo 'Expected' To Approve JAL's Narita-Kona Route *[KYODO]* 9
Tokyo To Refuse Semiconductor Extension With U.S. *[Tokyo TV]* 9
Japan: U.S. Expected To Press for Food Aid to DPRK *[KYODO]* 9
Japan: Hashimoto Remains Cautious on Rice Aid to DPRK *[KYODO]* 9
Japan: Ikeda Says No Rice Aid Planned for DPRK *[KYODO]* 10
Japan: MOFA Confirms French Expert's Nuclear Leak Remark *[YOMIURI SHIMBUN 24 Jan]* 10
Tokyo, Beijing Agree on Need To Promote Bilateral Ties *[KYODO]* 10
Japan: Trade Deficit With China Hits Record High *[KYODO]* 10
Tokyo, Moscow Agree on Visa-Free Visits to Disputed Isles *[KYODO]* 11
Japan: Hashimoto Defends 'Jusen' Plan in Upper House *[KYODO]* 11
Japan: Government 'Cannot Retract' Jusen Plan *[KYODO]* 11
Japan: 'Secondary' Jusen Losses Plan Nears Completion *[KYODO]* 12
Japan: No New Tax Money for Jusen for 15 Years Urged *[KYODO]* 12
Japan: Public 'Outrage' Over Jusen Plan Overshadows RTC *[KYODO]* 13
Japan: Banks Ranked on Ability To Handle Bad Loans *[SHUKAN DAIYAMONDO 9 Dec]* 14
Japan: Government Submits Budget Plan to Diet *[KYODO]* 18
Japan: FY96 Budget Includes 3.4% Growth in Subsidies *[KYODO]* 18
Japan: Security Expert Discusses Crisis Management *[MAINICHI SHIMBUN 17 Jan]* 18
Japan: Expert Views Connection Between TMD, MSDF *[SEKAI NO KANSEN Dec]* 19
Japan: Leadership Struggle Within LDP Noted *[TOKYO SHIMBUN 16 Jan]* 23
Japan: Kubo's Debut as MOF Head 'Scheme' Against NFP *[SHUKAN DAIYAMONDO 27 Jan]* 24
Japan: SDP, Sakigake Leaders Meet; Merger Not Discussed *[KYODO]* 25
Japan: Hashimoto's Gag Order 'Promptly Broken' *[KYODO]* 25

Japan: Domestic Auto Production Declining *[KYODO]* 25

North Korea

DPRK: U.S.-Japan Joint Military Exercises Denounced *[KCNA]* 26
DPRK: Commentary Deplores ROK 'Warlike Preparations' *[KCNA]* 26
DPRK: ROK Condemned for Obstructing Aid to North *[KCNA]* 27
DPRK: ROK Denounced for Arrest of Pomminnyon Members *[KCNA]* 27
DPRK: Kim Yong-sam Accused as 'Kingpin of Thieves' *[KCNA]* 27
DPRK: Spokesman Reiterates Support for All Arab People *[KCNA]* 28
DPRK: Kim Chong-il Sends Birthday Tables to Doctor, KPA Units *[KCNA]* 28

South Korea

ROK-U.S.-Japan Conflict Over EU KEDO Membership Viewed *[CHUNGANG ILBO 15 Jan]* 28
U.S. Complaint Over ROK Quarantine Procedures Noted *[THE KOREA TIMES 12 Jan]* 29
Seoul City Hall Asked To Move to U.S. Army Base Site *[THE KOREA TIMES 13 Jan]* 29
ROK: U.S. Director Denies Secret DPRK Military Contacts *[YONHAP]* 29
U.S. Private Groups Send Relief Funds to DPRK *[CHUNGANG ILBO 13 Jan]* 30
ROK: U.S. Discusses DPRK 'Unstable' Military Situation *[CHUNGANG ILBO 25 Jan]* 31
ROK Dailies View ROK, U.S., Japan Positions on DPRK Aid *[CHUNGANG ILBO 25 Jan]* 31
ROK: U.S. ABC Covering Flood Damage in DPRK *[YONHAP]* 32
ROK: 'Serious Frictions' in DPRK Policymaking Process *[YONHAP]* 32
Defectors to ROK Interviewed on DPRK Situation *[Seoul TV]* 33
North Koreans Pose as Chinese To Enter ROK *[CHUNGANG ILBO 13 Jan]* 34
ROK Justice Ministry Toughens Stance on Stowaways *[THE KOREA TIMES 13 Jan]* 34
ROK Decides To Tighten Security at Kimpo Airport *[THE KOREA TIMES 12 Jan]* 35
ROK on Russian Decision To Expel Five North Koreans *[YONHAP]* 35
ROK: Increased Conflicts Within Chongnyon Reported *[NAEWOE TONGSIN No 980 23 Nov]* 35
ROK: Inter-Korean Freight Reached Record in 1995 *[YONHAP]* 38
ROK Abolishes Ceiling on Investing in DPRK *[MAEIL KYONGJE SINMUN 13 Jan]* 38
ROK Decides Not To Help Firms Investing in DPRK *[KYONGHYANG SINMUN 24 Jan]* 38
ROK's NUB Issues Reunification Policy Guidelines *[SEOUL SINMUN 24 Jan]* 39
ROK Allows Foreign Investment in 74 Business Areas *[YONHAP]* 40
ROK Police Increase Overseas Links To Catch Fugitives *[THE KOREA TIMES 13 Jan]* 40
ROK Foreign Ministry Criticizes Canada's Overflight Fees *[YONHAP]* 41
ROK President Urges Streamlining Nuclear Management *[THE KOREA TIMES 12 Jan]* 41
ROK Daily Urges ANSP To End 'Illegal' Investigations *[HANGYORE SINMUN 11 Jan]* 42
ROK Constitutional Court Rules on Electoral Districts *[YONHAP]* 43
ROK Political Infighting for Assembly Seats 'Intense' *[THE KOREA TIMES 13 Jan]* 43
ROK Labor Union Activist on Reluctance To Join NKP *[THE KOREA TIMES 12 Jan]* 44
ROK: Kim Tae-chung Asks Kim Yong-sam About NKP Ideology *[THE KOREA HERALD 14 Jan]* 45
ROK's NKP Urges Candidate Criminal Records Disclosure *[THE KOREA HERALD 14 Jan]* 46
ROK Rejects Kim Tae-chung's Academies Visit Plan *[YONHAP]* 46
ROK: Chon Made Martial Law Decrees Sans Approval *[YONHAP]* 47
ROK Prosecution: Chon Ordered Merger of Media Firms *[YONHAP]* 47
ROK: Chon Reportedly Destroyed 'Slush Fund' Records *[THE KOREA HERALD 13 Jan]* 47
ROK Kwangju Uprising 'Suppressed' Through Chon *[YONHAP]* 48
ROK's No Tae-u Not Cross-Examined by Defense Attorney *[THE KOREA TIMES 16 Jan]* 48
ROK's BOK Foreign Exchange Holdings Reported *[YONHAP]* 49
ROK Urges Foreign Banks To Convert Earnings to Capital *[THE KOREA TIMES 12 Jan]* 49
ROK Official Reveals MOTIE 1996 'Activity Plan' *[THE KOREA TIMES 13 Jan]* 50
ROK Minister on Changes in Industrial Policy *[THE KOREA TIMES 13 Jan]* 50

ROK Construction, Transportation Ministry's 1996 Plans [*THE KOREA TIMES 12 Jan*] 51

SOUTHEAST ASIA

Burma

BURMA: Editorial Hails Talks With High-Level PRC Leaders [*THE NEW LIGHT OF MYANMAR 11 Jan*] 53
BURMA: Plenary Session of National Convention Actions Reported [*Rangoon Radio*] 53
BURMA: Surrender of Khun Sa's MTA Troops Reported [*Rangoon Radio*] 54
BURMA: Karen Leader Expounds on Prospects of Peace With Rangoon [*THE SUNDAY POST 21 Jan*] 54
BURMA: Karen Buddist Army Vows To Hunt Down Karen National Union [*THAILAND TIMES 22 Jan*] 56
BURMA: Burmese Troops Raid, Ransack Karen Village [*THE NATION 22 Jan*] 56
Burma: Students Receive Temporary Appointments to DAB Positions [*THE SUNDAY POST 21 Jan*] 57

Brunei, Malaysia & Singapore

Malaysia

Malaysian Minister Urges NAFTA Members To Open Markets [*THE STAR 20 Jan*] 57
Malaysia's Mahathir Reassures Foreign Investors [*THE STAR 20 Jan*] 58
Malaysian, Canadian Firms Sign 43 Business Deals [*THE STAR 20 Jan*] 58
Malaysia: SRV Refugee Dies After Rioting; 4 Arrested [*THE STAR 20 Jan*] 59

Singapore

Singapore Daily Hails 'New Partnership' With Australia [*THE STRAITS TIMES 20 Jan*] 59
Singapore Editorial Lauds Australia's 'Greater Maturity' [*BUSINESS TIMES 20 Jan*] 60

Cambodia

Cambodia: Coprime Ministers Accused of 'Demagoguery' [*SAMLENG YUVEAKCHON KHMER 14-15 Jan*] 60
Cambodia: Foreign Waste Dumping in Cambodia Rejected [*REAKSMEI KAMPUCHEA 22-23 Jan*] 61
Cambodia: Editorial Warns of Shift Toward 'Despotic Communism' [*SAPORDARMEAN WAT PHNUM 15-16 Jan*] 62
Cambodia: Troops Launch Successful Attack on KR Hideout [*REAKSMEI KAMPUCHEA 22-23 Jan*] 62
Cambodia: Preparations for 'Final Assault' Against Khmer Rouge [*AFP*] 63
Cambodia: Khmer Rouge Reports Government Casualties in Poipet [*Radio VGNUFC*] 63
Cambodia: Khmer Rouge Claimed Military Successes Reported [*Radio VGNUFC*] 63
Cambodia: Khmer Rouge Reports Rout of Government Forces [*Radio VGNUFC*] 64
Cambodia: Khmer Rouge Describes Claimed Victories [*Radio VGNUFC*] 64
Cambodia: Khmer Rouge Makes Preparations for Government Attack [*AFP*] 64

Indonesia

Indonesian Commentary on New Russian Foreign Minister [*Jakarta Radio*] 65
Indonesia: Released German Hostage Gives News Briefing [*ANTARA*] 65
Indonesia: Kidnappers 'Deliberately Buying Time' [*REPUBLIKA 24 Jan*] 66
Indonesia: Rebel Leader Joins Forces With Kidnappers [*KOMPAS 25 Jan*] 66
Indonesian Military on Rebel Leader's Joining Kidnappers [*ANTARA*] 67
Indonesia: Bishop Flies to Jungle for Kidnapper Talks [*AFP*] 68

Indonesia: Churchmen-Kidnappers Talks 'Fruitless' *[Jakarta Radio]* 68
Indonesia: Member of GPK-Fretilin Surrenders to Military *[SUARA KARYA 20 Jan]* 69
Indoneisa: 12 East Timorese Youths Enter Polish Embassy *[AFP]* 69

Laos

Laos: Agreement Reached on Rail Link With Thailand *[THAILAND TIMES 13 Jan]* 69
Laos: Agreement Reached To Expand Cooperation With India *[Delhi Radio]* 70
Lao Defense Minister Receives Indian Delegation *[KPL]* 70

Philippines

Philippines Agency Reportedly Uncovers Plot To Bomb CIA *[KOMPAS 25 Jan]* 70
Philippines: Diplomatic Ties With Singapore Restored *[Quezon City Radio]* 71
Philippines Police Informer: Arrest of Terrorists 'Fake' *[MALAYA 17 Jan]* 72
Philippines Columnist on Return to Martial Law Issue *[BUSINESS WORLD 18 Jan]* 72
Philippines 'Secret' Military Report Said Basis of Bill *[PNA]* 74
Philippines Senators View Antiterrorism Bill *[Quezon City Radio-TV]* 74
Philippines: Abu Sayyaf Members Attack Town 20 Jan *[MANILA BULLETIN 22 Jan]* 75
Philippines: Ramos Approves 1996 Investment Plan *[MANILA BULLETIN 18 Jan]* 76
Philippines Reports 1995 Budget Surplus Decline *[MALAYA 17 Jan]* 76

Thailand

Thai Editorial Rejects U.S. 'Harassment' on Drug Charges *[BAN MUANG 24 Jan]* 77
Stray Shells From Cambodian Battle Land in Thailand *[Bangkok Radio]* 78
Thai Army 'Worried' Over Burmese Troop Movement *[THE NATION 23 Jan]* 78
Thailand: DPRK Approaches Thai Firm on Road Deal *[ASIA TIMES 22 Jan]* 79
THailand, Israel Sign Accord To End Double Taxation *[BANGKOK POST 23 Jan]* 80
Philippines, Iran, Russia Ask To Buy Thai Rice *[Bangkok Radio]* 81

Vietnam

SRV Diplomatic Relations Anniversary Celebrated With China *[VNA]* 81
SRV Seventh Round of Border Talks With PRC Opens *[AFP]* 81
SRV Aug 95 No. 9 TAP CHI CONG SAN Table of Contents 81
SRV Party Journal: Minister Comments on Security Force's New Tasks *[TAP CHI CONG SAN No. 9 Aug]* 82
SRV Party Journal: Border Defense Commander on Group's New Tasks *[TAP CHI CONG SAN No. 9 Aug]* 86
SRV Party Journal: New Challenges in SRV-US Relations *[TAP CHI CONG SAN No. 9 Aug]* 87

AUSTRALASIA

Australia

Australia: France To Conduct Another Nuclear Test *[Melbourne International]* 90

Fiji

Fiji Opposition Leader on Speech by British Minister *[Wellington International]* 90

New Zealand

New Zealand Editorial on East Timor Asylum Seekers *[THE PRESS 17 Jan]* 90
New Zealand Editorial on Progress of Economic Recovery *[THE PRESS 3 Jan]* 91

Papua New Guinea

Bougainville Separatists Said Jamming Local Radio *[Melbourne International]* 92

Cambodia, Burma, Laos Excluded From Asia-Europe Meeting

BK0601121896 Bangkok THAILAND TIMES in English 6 Jan 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Bangkok: Cambodia, Burma, and Laos are excluded from the first Asia-Europe meeting [ASEM] and they are not even accorded an observer status, a foreign ministry official said yesterday.

The Foreign Ministry's Secretary General Thep Thewakun said the ASEM meeting is the forum for two groups of nations namely, the 15 countries of the European Union (EU) and 10 countries of Asia which have existing economic transactions.

He said the Asia-Europe link needed to create a concrete framework first before it can consider to expand its coverage to include other countries.

Thep said the ASEM meeting is a forum designed for the mutual attraction of the rapidly growing Asian markets and the advance technologies of European nations. "Burma, Cambodia, and Laos are not in this sphere of 'mutual attraction'," Thep added.

The senior officials of the two groupings will finalize the details of the ASEM meeting in Brussels on January 15.

The main areas of concern for the Asia-Europe meet are politics, security interests, international issues, and obstacles to the improvement of trade and investment, said Thep. He said the two sides have agreed to promote trade and investment between the two zones by minimizing trade barriers, and reducing cross-border investment limitations in terms of non-tariff barriers.

The meeting will be a leaders-only meeting, according to the official. However, a reliable source said the next senior officials meeting in Brussels will take up the EU proposal to attach a ministerial meeting in ASEM.

Thep said ASEM will seek measures to prevent the possibility of a conflict in the connection, and will work towards cultural understanding.

Foreign Minister Kasemsamoson Kasemsi will hold a meeting of the 10 Asian foreign ministers on the first of February to formalize the Asian side's common position in ASEM.

EU has reached an unprecedented growth in the area of technology while its economy is sadly lagging behind. Thep said the ASEM's final paper should be a Chairman's Statement instead of a Joint Communique, because the former is easier.

The poles of economic growth are America, Asia, and Europe. Asia-Pacific Economic Cooperation (APEC) is the economic mechanism linking Asia and America, but in contrast, Europe and APEC have no economic channel.

Regional Security Promoted at Second Pacific Dialogue Meeting

BK0801101996 Kuala Lumpur Voice of Malaysia in English 0800 GMT 8 Jan 96

[FBIS Transcribed Text] Datuk Sri Dr. Mahathir Mohamed says the rapid growth of the East Asian economies requires a new approach to security in the region. He feels that the situation has come to be one in which there are no force, only partners, in search of mutual peace and shared prosperity. He points out that when countries in the region armed themselves, it should only be for legitimate defense and law enforcement, and even then, took the minimum required for effective deterrents. In this regard, countries in the Pacific must address the issue of arms control seriously.

Dr. Mahathir says it is in Malaysia's interest to promote the economic foundation for such security in the region.

The prime minister was speaking at the opening of the Second Pacific Dialogue in Kuala Lumpur. Politicians, western diplomats, corporate leaders, scholars and researchers from countries such as the United States, Japan, Singapore, Indonesia, and Malaysia are attending the two-day dialogue.

On nuclear weapons, Dr. Mahathir said the region, more than any other, needs to implement the provisions of the Nuclear Non-Proliferation Treaty more vigorously, as there could also be nuclear ambitions on the part of some

New APEC Director Interviewed on Action Plans

OW0701091796 Tokyo KYODO in English 0754 GMT 7 Jan 96

[By Siti Rahil]

[FBIS Transcribed Text] Singapore, Jan. 7 KYODO — The new Filipino head of the Asia-Pacific Economic Cooperation (APEC) forum's Secretariat does not see much difficulty for APEC members to submit their action plans this year on trade and investment liberalization in the region up to the year 2020.

Armando Madamba, 57, who took over the post of executive director Monday [1 January], said in an interview with KYODO news that differences of opinion among APEC members should not be seen as a stumbling block, adding that APEC should go by consensus in developing the action plans.

"There are certain things that have to be discussed in detail and in depth," he said. "The idea here really is to arrive at a consensus, and what is important is that when an agenda is placed on the table, it is open for discussion by all member economies."

He noted this consensus process had been used by Japan when it chaired APEC in February last year from the first APEC senior officials meeting in Fukuoka right up to the ministerial and leaders' meetings at Osaka in November.

He dispelled concerns that this year's work, chaired by the Philippines, will be disrupted if differences arise in interpretation of the Osaka Action Agenda, adopted by APEC leaders last November for creating free trade and investment for industrialized economies by 2010 and for developing economies by 2020.

"APEC as a whole, you must understand, is trying to accommodate the diversity in the region among the member economies," he said, adding that is why APEC has set different time frames for industrialized and developing economies. APEC members submitted the initial action plans on a voluntary basis in Osaka last year.

"It is not something that people negotiate on a lot of items...or people get coerced into," he said. "It is the major undertaking of APEC that the members work on the basis of consensus."

Asked about the formidable task facing the Philippines in ensuring the comparability of the action plans, he said the comparability principle, which is one of the nine general principles in the Osaka Action Agenda, "has to work in combination" with all the other principles.

He added that quantifying comparability would be difficult and undesirable.

As outlined in the Osaka Action Agenda, the members' action plans to be submitted this year will be implemented in January next year when it is Canada's turn to chair APEC.

"It is the character of APEC now that comes out, that the members have achieved so much over the last few years precisely by recognizing each other's needs, each other's strengths, each other's weaknesses and each other's special conditions."

Madamba also hinted that an advisory panel similar to the disbanded Eminent Persons Group (EPG), which urged APEC to create free trade in the region, might be set up this year to help the Philippines during its chairmanship of APEC.

He acknowledged the Philippines has wanted an EPG-type panel since last year. "If in the future there is a need for another EPG at whatever level, it will be asked or requested to function. I think the door has not been closed," he said.

Madamba said comments from an informal meeting of senior officials in Singapore last month indicate the APEC Secretariat "would be more depended upon in many ways" to provide logistical support work this year.

The Secretariat, which currently occupies one floor of an office building in Singapore, is being expanded to three floors, with the existing floor being refurbished for organizing APEC committee and working group meetings, Madamba said.

More meetings are expected to be held in Singapore this year when the conference floor is completed in three or four months. Madamba disclosed that the chairman of APEC's committee on trade and investment has proposed holding a committee meeting in Singapore in April this year.

Despite some expansion and staff reinforcements, he said he aims "to keep the secretariat lean and effective and need driven...We do not want to create here, really, a kind of bureaucracy."

Madamba said the Philippines plans to emphasize human resource development in addition to the Manila Action Plan for APEC, which will be the key document coming out of the APEC ministerial and leaders meetings in the Philippines, expected to be held in November.

"There is an increasing awareness of the importance of human resource development in the event when people are focusing on trade liberalization and investment facilitation and economic cooperation," he said.

Underscoring the importance the Philippines attaches to human resources development, this year's first ministerial meeting on that topic will be held Jan. 10-11 in Manila.

On the Philippines' preparations for this year's APEC ministerial and leaders meetings, he said the Philippines established a national organizing commission in December 1994, which oversees an executive committee that has started planning since early last year.

They are trying to improve the infrastructure in Subic, where the summit will be held, particularly to ensure enough quality accommodations for the leaders and access to Subic by both land and air.

He foresees smooth access by air because of the excellent airport facility left behind by U.S. forces at Subic, formerly the site of a U.S. naval base, and voiced confidence that the committee will be able to solve the problems of Mt. Pinatubo's outflowing debris that affect the main highway between Subic and Manila.

As for the threat from typhoons, Madamba said November will basically be a safe month.

Madamba, who replaced Japan's Shojiro Imanishi, stepped down as deputy chief of staff in the Philippine armed forces in November 1994 after more than three decades in the military, and was appointed deputy to Imanishi the following year.

He studied developmental economics, comparative politics and international organizations and legal systems during graduate studies in the United States in 1970 and 1971.

APEC Four-Day Meeting Achieved 'Good Progress'

BK1201043696 Quezon City Radio Filipinas in English 0230 GMT 12 Jan 96

[FBIS Transcribed Text] Ministers of Asia-Pacific region said on Thursday [11 January] after a four-day meeting that they had made good progress in cooperation on labor and employment issues even though there were no binding commitments. A senior Philippine official, Jose Brillantes, answering a question at a news briefing, said there were no binding agreements. The sectoral meeting on human resources development was the first of the 1996 [word indistinct] many of which will be held in the Philippines which is chairing APEC [Asia-Pacific Economic Cooperation] this year. Brillantes said the meeting was successful because everybody looked at areas where there will be an agreement rather than nitpicking about issues.

The ministers' joint statement said, and we quote, we agree on the importance of labor market analysis in human resource development, end of quote.

The meeting agreed to ease access to labor market information among APEC members, set up training facilities, and look at ways of harmonizing education and workers' skills. Brillantes said the sharing of skills and information on wages and working conditions will (?ease up) the mobility of qualified persons within the Asia- Pacific region. On Wednesday, the ministers had said priorities were different as APEC comprise diverse economies.

APEC groups include Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand, and the United States.

Asia-Pacific Parliamentary Forum Opens in Thailand

BK1601053696 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 15 Jan 96

[FBIS Translated Text] The fourth Asia-Pacific Parliamentary Forum started today at the Dusit Resort Hotel and Polo Club in Cha-am District, Phet Buri Province. Prime Minister Banhan Sinlapa-acha presided over the opening ceremony, which was attended by members from 24 countries including former Japanese Prime Minister Yasuhiro Nagasone.

In the opening address, the Thai prime minister stressed the significance of the meeting saying that it will help solve various problems in the region, especially security and joint economic development. Regarding this, major topics expected to be discussed would be the nuclear arms test, international terrorism, and narcotics.

The prime minister stated in an interview that this meeting will help find guidelines for solving regional conflict problems, especially the Spratlys Islands issue.

[Begin recording] [Unidentified reporter] Do you think there is a possibility for cooperation in the development of human resources, while there is still strong competition in the region?

[Banhan] There should be no problem. For example, the ongoing APPF [Asia-Pacific Parliamentary Forum] is part of the cooperation among the parliaments of all countries. Various issues will be discussed. These include the issues of environment, AIDS, international terrorism, and many others, as well as human resources. Therefore, I think that after expressing views and opinions, the conclusion reached will be further passed on to the respective countries. [End recording]

Regarding topics to be discussed tomorrow, especially the problem of conflict over the Spratlys, a Chinese representative today proposed that the issue be withdrawn from the agenda. However, the majority of the meeting members agreed to have the issue remain for further discussion.

Asia-Pacific Parliamentary Forum Agrees To Expand Membership

BK1801052096 Bangkok BANGKOK POST in English 18 Jan 96 p 6

[Unattributed report]

[FBIS Transcribed Text] Phet Buri — Members of the Asia-Pacific Parliamentary Forum [APPF] yesterday agreed to expand its membership and observership, its spokesperson for its fourth annual meeting, Alongkon Pholabut, said yesterday.

The latest addition is the Republic of Marshall Islands, while Colombia and Panama have been granted observership, he said.

Set up in 1991 under the initiative of former Japanese prime minister Yasuhiro Nakasone to promote cooperation between MPs in the Asia-Pacific, the forum currently has 23 members and an observer, Brunei.

The ongoing four-day meeting which ends tomorrow, saw the United States propose Taiwan for membership which was strongly opposed by China which insists that all countries strictly comply with the one- China policy, and any decision by the forum must be by consensus.

"The US told the forum that as Taiwan was part of the Asia- Pacific Economic Cooperation (APEC), it should therefore also be included as a member of the forum," said MP Kantathi Suphamongkhon (Phalang Tham, Bangkok).

Other topics discussed include membership expansion of APPF's executive committee from six to eight countries to cover Latin America and Southeast Asia, and extending its job term from one to three years.

Right now it is made up of the US, Papua New Guinea Australia, Thailand, South Korea and Japan.

The APPF drafting committee also considered a resolution on nuclear weapons testing which will be issued today.

The draft resolution is expected to welcome the announcement by France, the US and Britain of their intention to sign protocols on the South Pacific Nuclear-Free Zone Treaty in the first half of this year, a source said.

But the meeting has not decided as yet to set up a APPF secretariat as proposed by Thailand and Australia because its members want the forum to remain a loose organisation, Mr Kantathi pointed out.

Asia-Pacific Forum To Set Up Antiterrorism Working Group

BK1701033596 Bangkok THE NATION in English 17 Jan 96 p A6

[Report by Marisa Chimprapha]

[FBIS Transcribed Text] Cha-am — Organizers of the fourth Asia- Pacific Parliamentary Forum [APPF], aware that terrorists are more sophisticated and harder to catch, agreed yesterday to set up an anti-terrorism working group.

The working group will focus on tracking the movements of terrorists in member-countries and exchanging information, said Kantathi Suphamongkhon, a Thai MP acting as APPF spokesperson.

The group discussed nuclear testing and environmental protection in addition to global terrorist activities.

Japan and the Philippines each submitted reports on terrorist acts in their countries, Kantathi said.

Committees are working on the draft of an APPF communique explaining its positions on the issues discussed.

"Terrorists are staying abreast of world developments. They are adapting every day, making it difficult for law enforcement officers to be completely successful in their efforts," Dr. Kantathi said.

A working group of APPF executive committee members will address detailed measures to curb terrorism, which has badly affected global economic development.

According to Kantathi, some countries are in dubious positions because they formally recognize terrorist groups in the hopes of resolving the problems they present them.

" It should be open for discussion among the countries concerned whether it's acceptable or not."

The Japanese delegation informed APPF members of anti-terrorist measures taken against the Aum Shinrikyo sect which is accused of a gas attack in Tokyo's subway system last year.

Seven people were killed and 144 injured in the incident.

Aum Shinrikyo is not religious sect, but a terrorist group, Japan's delegates said.

The APPF comprises 23 countries including the United States, Australia, Japan, China, Vietnam, Cambodia and Papua New Guinea.

Meanwhile, Thailand called for all countries with high technology to help others enjoy sustained development of their natural resources, instead of simply exploiting them.

The issue was raised yesterday by Senator Phichai Watsanasong.

"Most APPF members have been rich in natural resources and high technology, but the natural resources have been used to benefit a small group of people," Phichai said.

Countries equipped with high technology should not exploit the natural resources of those who lack technology, but instead should help so the other countries can enjoy a sustained development of their natural resources.

Singapore's delegation supported Thailand's plea, adding that Singapore is a small country lacking its own natural resources and must rely on other countries, Kantathi said.

The country has a firm policy of using resources for the greatest benefit and of helping to improve them, its delegates were quoted as saying.

Singapore is ready to help improve use of the region's natural resources, they said.

Asia-Pacific Parliamentarian Forum Closes

BK1901040296 Bangkok THE NATION in English 19 Jan 96 p A6

[Report by Marisa Chimprapha]

[FBIS Transcribed Text] Cha-am — Asia-Pacific parliamentarians concluded their annual meeting yesterday by expressing concern over the growth of drug trafficking in the region.

The area is at risk of becoming a centre for money laundering from drug smuggling, the group warned.

The resolution on drug abuse, trafficking and money laundering states that the forum "recognizes the enormity of international trafficking in drugs, how fast production and consumption are growing in the region and its association with international and national crime in all its manifestations," the group said in a statement yesterday.

The fourth Asia-Pacific Parliamentary Forum (APPF) issued resolutions on terrorism, nuclear weapons testing, cooperation in the sharing of natural resources and environmental conservation and the protection of women's and children's rights.

The forum backed the Southeast Asia Nuclear Weapons Free Zone Treaty, signed in Bangkok by 10 countries last month. APPF urged that the treaty's implementation be consistent with the freedom of navigation and overflight, and that the rights of non-signatory nations be respected under the UN Convention on the Law of the Sea.

The treaty has an attached protocol open for signature by the five nuclear powers: the US, France, United Kingdom, China and Russia, some of which, while welcoming its intent, expressed concerns over its terminology on freedom of navigation and overflight.

The Indonesian delegation appealed to the nuclear powers to support the treaty as they do other respected international laws.

The APPF encouraged a country it formally identified only as a "current nuclear weapon-testing programme" to cease as soon as possible. France has been criticized for recently testing weapons in the South Pacific.

The APPF said terrorism is unjustified under any circumstances and a nation puts itself in a dubious political position by supporting terrorists.

National Security Council chief Gen [General] Charan Kunlawanit said all Asia-Pacific countries need to cooperate more closely and exchange information concerning terrorist activities.

"Terrorist activities are going high-tech and using more sophisticated techniques, so law enforcement officials should train more and exchange information more effectively," he said.

It is important to understand the nature of terrorism, he said, adding that legislation is needed that can be enforced internationally.

The APPF expressed outrage at recent terrorist incidents such as the assassination of the Israeli Prime Minister Yitzhak Rabin, the Oklahoma bombing in the US and the subway gas poisoning in Japan.

Next year's APPF meeting will be held in Vancouver, Canada. Korea and Peru will host the sixth and the seventh APPF meetings, respectively.

Nuclear Disarmament Commission Holds First Meeting in Canberra

LD2301095396 Melbourne Radio Australia in English 0800 GMT 23 Jan 96

[FBIS Transcribed Text] A new international group set up by Australia to promote the elimination of nuclear weapons has begun its first meeting in Canberra. The convener of the Canberra Commission for the Elimination of Nuclear Weapons, Richard Butler, said its members recognized the difficulties of achieving their aim of a nuclear weapons-free world, but, as Stuart Heather reports from Canberra, the first day of the meeting produced unanimous agreement that its aims are achievable.

[Heather] The 17-member Canberra Commission, drawn from 12 countries, includes both people who once had control of strategic nuclear weapons and those who have spent a lifetime working for nuclear disarmament. Yet Ambassador Richard Butler says a vigorous first discussion found a chord for the desirability and practicality of a nuclear weapons-free world, and the sooner the better.

[Begin Butler recording] What we mean is that we see pressures for the proliferation of weapons of mass destruction, of nuclear weapons, today that are larger than they have been for 30 years. So we are having to (?revisit) the whole business of nonproliferation of nuclear weapons. (?I don't want to talk scary stuff), but everyone around the table at our commission shares the view I am putting here. There is no time to lose. [end recording]

[Heather] The Canberra Commission heard that it may be necessary to amend the charter of the United Nations to further the aim of global nuclear disarmament.

Stuart Heather, Canberra.

Australia's Evans Urges 'Compact' on Nuclear Weapons

BK2301065996 Melbourne Radio Australia in English 0500 GMT 23 Jan 96

[FBIS Transcribed Text] Australia's foreign minister, Gareth Evans, has called for a new international commitment to rid the world of nuclear weapons. Addressing the first meeting of the Canberra Commission for the elimination of nuclear weapons, Senator Evans called for nations with and without nuclear weapons to enter into an international compact.

As Stuart Heather reports, Sen. Evans envisages the nuclear compact to be a shared understanding and commitment to the aim of a nuclear weapons-free world. Sen. Evans said the nuclear compact would not take the place of formal negotiations, nor the formal treaty or agreement. But, he said the compact might eventually be expressed in written form. Sen. Evans told the meeting in the Australian capital that without such a global understanding, it would be very difficult to create the environment for successful detailed negotiations.

The Canberra Commission for the elimination of nuclear weapons has been set up by the Australian Government with 17 members from 12 nations. Members include former United States Defense Secretary Robert McNamara; French environmentalist, Jacques Cousteau; and former French Prime Minister Michel Rocard.

Sen. Evans insists their task of finding path to eliminate the world's weapons is practical.

[Begin Evans recording] This commission's mandate is not to draw a blueprint for utopia. It is to address what is unquestionably a clear and present danger. [end recording]

Nuclear Commission Ends Meeting, Expresses Optimism

BK2501063496 Melbourne Radio Australia in English 0500 GMT 25 Jan 96

[FBIS Transcribed Text] A new international group set up by Australia to promote the elimination of nuclear weapons has ended its first meeting in Canberra. The 17-member Canberra Commission expressed optimism about achieving its aim of ridding the world of nuclear weapons. Australia set up the Commission after France resumed nuclear testing in the South Pacific last year. As Michael Rowland reports the group will now focus on ways of convincing nuclear powers to eliminate their various stockpiles.

[Begin recording] [Rowland] In a statement issued after three days of talks, the commission says it will be developing range measures through which the elimination of nuclear weapons can be successfully and safely achieved. Commission Convener Richard Butler:

[Butler] It has been an outstanding first meeting and we are certainly on track.

[Rowland] Foreign Minister Gareth Evans concedes the job of convincing nuclear powers to scrap their arsenals won't be easy, particularly with the United States entering a presidential election year, but persuaded they have to be.

[Evans] The present nuclear weapon states simply have to get serious and be seen to be getting serious on a subject of actual elimination. [end recording]

KEDO Chief Urges Member States To Make Contributions

OW2401081196 Tokyo KYODO in English 0608 GMT 24 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — The head of an international consortium set up to provide North Korea with light-water nuclear reactors called Wednesday [24 January] for its member states to make financial and other contributions to get the project rolling.

Stephen Bosworth, executive director of the secretariat of the Korean Peninsula Energy Development Organization (KEDO), made the call in a meeting with Foreign Minister Yukihiko Ikeda, a Foreign Ministry official said.

During the talk, Bosworth indirectly urged Japan to join a program for supplying heavy fuel oil to North Korea in connection with the light-water reactor project, the official told reporters.

Ikeda showed understanding toward the request, adding that Japan, South Korea and the United States — the three key KEDO members — should discuss ways to tackle short-term funding and other operational problems.

The oil shipments are part of the 1994 accord established between the U.S. and North Korea, in which Pyongyang agreed to freeze its old nuclear reactor project in exchange for two light-water nuclear reactors and the oil supply.

Until the light-water reactors are built in North Korea, the U.S. is to provide free of charge 500,000 tons of fuel oil, worth 50 million dollars, to North Korea each year to cover its energy needs.

Because of the budgetary crunch, however, the U.S. earmarked only 22 million dollars in fiscal 1995 for the deal and is now seeking the help of its KEDO partners.

KEDO was formed in March 1995 to raise an estimated 4.5 billion dollars to provide North Korea with two light-water nuclear reactors.

North Korea and KEDO signed a contract in New York in December spelling out details of the reactor supply arrangement.

ASEAN Meeting in Bangkok Makes Decision on Refugees

LD1501122996 Melbourne Radio Australia in English 1100 GMT 15 Jan 96

[FBIS Transcribed Text] A meeting in Bangkok has decided that refugees camps across Asia should be cleared of Vietnamese boat people by the end of June, except for the 20,000 in Hong Kong. As Evan Williams reports, the meeting of officials from the United Nations and Asian and Western donor nations has agreed that the time is up for boat people rejected for refugee status.

[Williams] In a joint statement that now includes Vietnam, the ASEAN group of southeast Asian nations has agreed to clear all camps by 30 June, either through voluntary means or forced repatriation, when the United Nations will stop funds. Hong Kong, with its far larger caseload, will be given some more time but China has clearly signalled it wants the refugees out by the time it takes over in June 1997.

The returns will go ahead despite Hanoi's refusal to accept so far a U.S. plan for second interviews for those who go back but they can apply for resettlement under existing emigration procedures. For all camp dwellers, the message is: Go or be forced. Evan Williams, Bangkok.

Seventh Round of East Timor Talks Held in London

BK1701065296 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 17 Jan 96

[FBIS Translated Text] The seventh round of tripartite talks on the settlement of the East Timor issue between Indonesian Foreign Minister Ali Alatas and Portuguese Foreign Minister Jaime Gama under the sponsorship of UN Secretary General Butrus Butrus-Ghali began in London yesterday. Butrus Butrus-Ghali held talks with the Portuguese foreign minister first and with Minister Ali Alatas later. Earlier, Minister Ali Alatas hoped that the seventh round of tripartite talks would lead to substantive talks on the settlement of the East Timor issue.

China Opposes U.S. Proposal To Grant Taiwan APPF Membership

BK1801052696 Bangkok THAILAND TIMES in English 18 Jan 96 p A2

[Report by Saranyu Samakratkit]

[FBIS Transcribed Text] Phet Buri — China yesterday strongly opposed the United States' proposal to grant Taiwan a new membership to the Asia Pacific Parliamentary Forum (APPF).

"The proposal to grant APPF membership to Taiwan seriously interferes with China's internal affairs, and has left us rather surprised," said one Chinese delegate.

The US delegate to the fourth APPF, proposed the granting of an APPF membership to Taiwan, as the country is already included in the regional grouping, namely Asia Pacific Economic Cooperation (APEC).

Taiwan has expressed desire to become an APPF member since the first APPF in Japan, in which the Tokyo Declaration was signed, a principle of APPF's body, the US delegate said.

The delegate added the United States supports Taiwan's acceptance into the APPF, and he hopes to receive a consensus on the matter.

"Taiwan has a reasonable case for APPF membership status, but they also need the APPF's consensus," the US delegate declared.

However, the Chinese delegation said as APEC is an economic cooperation, it differs from the APPF's political, sovereign-country membership.

He added Taiwan is regarded as one of China's provinces, as seen by China's continual insistence on its One-China policy.

"China's delegation at the fourth APPF has not accepted the proposal and will strongly opposed any idea of Taiwan's membership at any APPF meeting, according to the Chinese delegate.

Asia-Pacific Security Forum Wraps Up Two-Day Tokyo Meeting

OW1901121796 Tokyo KYODO in English 1143 GMT 19 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO — Diplomats and defense officials from Asia-Pacific countries wrapped up their two-day first meeting on confidence-building measures in Tokyo on Friday [19 January] with a guardedly optimistic assessment of the security situation in the region.

The gathering drew working-level participants from 19 members of the ASEAN Regional Forum (ARF) — 18 countries and one organization — to compare notes on security perceptions and other issues of mutual concern.

The forum was launched in 1994 at the initiative of the Association of Southeast Asian Nations (ASEAN).

Citing the rapid economic growth in some of the member countries, the ARF members shared the view that the current regional situation is generally "positive," a Japanese Foreign Ministry official told reporters.

On the other hand, they also pointed to uncertainty in the region stemming from such factors as the situation on the Korean peninsula, territorial disputes and the spread of weapons of mass destruction, the official said.

They also confirmed the need for confidence-building measures in nonmilitary fields to tackle newly emerging regional problems such as environment protection, pirates and narcotics.

Other major themes touched upon in the meeting were defense policy publications, enhancing of high-level defense contacts and a UN arms registry regime.

Some members expressed hope the members that have yet to make known their defense policy through a white paper or other types of policy papers will do so on a voluntary basis, the official said.

At the gathering held under the cochairmanship of Japan and Indonesia, calls were made for the three member countries that have not taken part in the UN arms control regime, albeit not by name, the official said.

Of the 19 ARF members, three countries — Brunei, Laos and Cambodia — have yet to participate in the regime, which was set up in January 1992.

The second ARF meeting of this kind is scheduled for April in Indonesia.

The outcome of the gathering will be reported to a meeting of higher-level officials, to be held possibly in early May, which will lay the groundwork for the ARF's ministerial meeting later.

The ARF members are the seven member states of ASEAN — Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam — as well as Japan, the United States, Canada, Australia, New Zealand, South Korea, China, Russia, Laos, Papua New Guinea, Cambodia and the European Union.

Malaysian Prime Minister on Asian 'Renaissance'

BK1201125796 Kuala Lumpur THE STAR in English 12 Jan 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Asia's dynamism alone will empower it to overcome the obstacles and challenges ahead, Datuk Sri Dr. Mahathir Mohamed said yesterday.

Unveiling his agenda for a progressive New Asia yesterday, the Prime Minister said the Asian Renaissance would "remake Asia and reshape the world."

"This New Asia has to be an empowered Asia, a continent that is a mover and shaker."

"While Asia must eschew the idea of Asian dominance, it must still insist on being an equal partner with Europe and America.

"It must reject domination by any of them," he said in a keynote address at the New Asia Forum jointly organised by Isis [Institute of Strategic and International Studies] and Transforma Conferences at a hotel here.

The two-day forum will focus on the fundamental challenges and opportunities confronting Asia as it enters the 21st century, besides topics such as leadership models, Asian values, high-tech and human resources.

Dr. Mahathir, who was introduced as a leader par excellence, said the re-emergence of Japan, South Korea, China, Indonesia, Taiwan and Thailand from their past difficulties would lead to a "reinvigorated" Asia.

Relating the Malaysian experience, he said the country now enjoyed a higher standard of living than any country in the American hemisphere despite being written off.

Japan

Tokyo 'Expected' To Approve JAL's Narita-Kona Route

OW2501022196 Tokyo KYODO in English 0200 GMT 25 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO — The Transport Council submitted a report to Transport Minister Yoshiyuki Kamei on Thursday [25 January], approving a request from Japan Airlines (JAL) for a route between Narita and Kona, Hawaii.

The ministry is expected to issue a license for the route to JAL Friday, but approval from the U.S. Government could be delayed because of opposition from United Airlines, making it uncertain whether JAL will be able to start the flights on April 1 as planned, sources said.

JAL plans to operate the seven and a half hour flights from Narita to Kona on Sundays, Mondays and Thursdays. Flights from Kona to Narita via Honolulu are planned on Mondays, Tuesdays and Fridays.

United Airlines has asked the U.S. Government not to give approval to the planned route since Japan has not yet given its approval to a United request for route between Los Angeles and Kansai International Airport.

JAL said the approval for the new route should be given as a replacement for its Narita-Washington route, which has been terminated.

Tokyo To Refuse Semiconductor Extension With U.S.

OW2501121696 Tokyo NHK General Television Network in Japanese 1049 GMT 25 Jan 96

[Announcer-read report; from "News 7" program]

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has released a written statement declaring Japan will not agree to any renewal or extention of the Japan-U.S. semiconductor agreement which expires this coming July.

In the statement, MITI noted the bilateral semiconductor agreement has already reached its goal as foreign-made semiconductors currently has a 27-percent market share in Japan.

On the other hand, the United States is strongly interested in an extention of the agreement past July, and this issue may grow into another focal point of economic frictions between Japan and the United States.

Japan: U.S. Expected To Press for Food Aid to DPRK

OW2501044096 Tokyo KYODO in English 0419 GMT 25 Jan 96

[FBIS Transcribed Text] Honolulu, Jan. 24 KYODO — The United States is expected to press South Korea and Japan at a meeting of senior officials in Hawaii to agree to provide emergency food aid to North Korea, Japanese officials said Wednesday [25 January].

Officials at the deputy-ministerial level from the three countries have gathered to discuss and coordinate policies concerning the Korean peninsula.

A U.S. official has already expressed hope for an agreement among the three countries on food aid to North Korea, saying it is important from a humanitarian standpoint.

Bilateral meetings between Japan and South Korea and between the U.S. and South Korea are scheduled for Wednesday, to be followed by a bilateral meeting between Japan and the U.S. and a plenary session Thursday.

The South Korean Government has called for Pyongyang to stop its criticism of the South and to begin dialogues with Seoul as a condition for receiving additional food assistance.

South Korea has said that it will not join any international aid program for North Korea until the food shortage in the country is precisely assessed and measures are in place to prevent the aid being diverted to the military.

Devastating floods last summer severely damaged much of the country's arable land, worsening a depleted food supply stemming from many years of poor harvests.

The United Nations and the International Red Cross have called for emergency food aid to North Korea.

The U.S. is concerned that the severe food shortage in the North could upset the current state of relations on the Korean peninsula.

The three countries are also expected to exchange views on military movements in North Korea.

Japan: Hashimoto Remains Cautious on Rice Aid to DPRK

OW2501032796 Tokyo KYODO in English 0255 GMT 25 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO — Prime Minister Ryutaro Hashimoto on Thursday [25 January] voiced caution about possible additional rice supply to North Korea, which has been plagued by severe food shortages.

Hashimoto told reporters that there is no more stock of imported rice, while admitting such humanitarian aid is important.

"We also need to consult fully with South Korea on the issue," he said.

Hashimoto echoed recent remarks by some senior government officials who expressed skepticism about further rice assistance to Pyongyang.

North Korea has requested a third lot of rice aid from Japan, which agreed last year to forward assistance of a total of 500,000 tons of rice in two installments.

Japan: Ikeda Says No Rice Aid Planned for DPRK

OW2301022796 Tokyo KYODO in English 0150 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO — Japan is not considering giving extra rice aid to North Korea, Foreign Minister Yukihiko Ikeda said Tuesday [23 January].

Citing Pyongyang's request for further assistance, Ikeda told a news conference that the rice Japan supplied last year was humanitarian aid to help rescue North Korea from a food shortage.

"We don't think this is the time to consider additional aid," he said, adding that Japan has no further stocks of surplus rice.

Japan agreed last year to send a total of 500,000 tons of rice in two installments to North Korea, which has been suffering serious food shortages after harvests failed in bad weather.

Akiko Domoto, a House of Councillors member from the ruling coalition partner New Party Sakigake [Harbinger], who visited North Korea on Jan. 13-20, said Monday that Kim Yong-sun, a secretary of the Workers Party of Korea, had asked Japan for additional rice aid.

Japan: MOFA Confirms French Expert's Nuclear Leak Remark

OW2401144996 Tokyo YOMIURI SHIMBUN in Japanese 24 Jan 96 Morning Edition p 2

[FBIS Translated Text] Ministry of Foreign Affairs [MOFA] Spokesman Hiroshi Hashimoto announced on 23 January that the ministry had confirmed a French expert's admission that the radioactive substance iodine 131 had been observed in the waters of Mururoa atoll in the South Pacific after French nuclear tests last autumn. Hayashi confirmed a 23 January YOMIURI SHIMBUN article reporting for the first time on a radioactivity leak resulting from the French nuclear tests. A meeting of experts from Japan and 10 other countries, which will participate in the Comprehensive Test Ban Treaty (CTBT) talks, was held in Washington from 15 to 17 November last year.

At the meeting, an expert from the French Atomic Energy Commissariat said: "Iodine 131 was observed in the waters of Mururoa atoll." However, he retracted his remark almost immediately, and failed to mention when the iodine 131 had been detected, nor the quantity discovered.

Tokyo, Beijing Agree on Need To Promote Bilateral Ties

OW2501104196 Tokyo KYODO in English 1022 GMT 25 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO — Foreign Minister Yukihiko Ikeda and Chinese Ambassador to Japan Xu Dunxin agreed Thursday [25 January] on the need to further promote the bilateral relationship, a Foreign Ministry official said.

During a 20-minute meeting, Xu congratulated Ikeda on his acquisition of the foreign ministerial post in Prime Minister Ryutaro hashimoto's cabinet and compared notes on some issues of interest to both countries.

The Chinese ambassador was quoted as saying the two nations should build a future-oriented relationship, while taking in their past as a lesson.

Ikeda told Xu that Japan was repentant for its relationship with China before and during World War II. He vowed to forge closer bilateral ties in the future, the official said.

He also gave assurances that Tokyo will continue to support Beijing's economic reform and open-door policy, noting China's growth is vital for the development and prosperity of other countries in the region.

Japan: Trade Deficit With China Hits Record High

OW2501095996 Tokyo KYODO in English 0941 GMT 25 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO — Total merchandise trade between Japan and China in 1995 hit a record 57.85 billion dollars, up 25.1 percent from the previous year, with Japan having a deficit of a record high $13.99 billion, the Japan External Trade Organization (JETRO) said Thursday [25 January].

The bilateral trade figure, calculated on the basis of the Finance Ministry's customs-cleared trade data, marked a record for the fifth consecutive year, the governmental organization said.

The Japanese trade deficit with China topped the threshold of $10 billion for the first time, JETRO said.

The deficit was also a record amount for Japan with any country or economy. The previous biggest deficit was $8.9 billion also registered with China the previous year, JETRO added.

It said imports from China in 1995 shot up 30.3 percent to $35.92 billion, while exports to the country rose 17.4 percent to $21.93 billion.

Nearly 80 percent of imports from China consisted of manufactured goods — mainly textile products and machinery. The surge in imports was partly due to increased shipments by Japanese companies' joint ventures and subsidiaries in China of their products to Japan.

In particular, imports of radio and television sets doubled from the year before and those of videocassette recorders marked a fivefold increase.

Exports to China were mainly machines, equipment and raw materials such as metal processing machines, electronics parts, and synthetic fiber textiles for use at Japanese companies' subsidiaries and joint ventures in China.

JETRO projected that Sino-Japanese trade will continue to increase in 1996 to around $70 billion, with Japanese exports rising moderately and imports from China climbing even more firmly.

Tokyo, Moscow Agree on Visa-Free Visits to Disputed Isles

OW2301124396 Tokyo KYODO in English
1117 GMT 23 Jan 96

[FBIS Transcribed Text] Sapporo, Jan. 23 KYODO — Japan and Russia agreed Tuesday [23 Janaury] to continue Japanese visa-free visits to four Russian-held islands north of Hokkaido in the coming fiscal year on the current scale of nine group visits per year.

In addition, the Russian side expressed interest in resuming home stays for Japanese on two of the islands, Kunashiri and Shikotan, Japanese officials said. The program had come to a halt in the wake of a major earthquake that hit the islands in October 1994.

During fiscal 1996 starting April 1, some 400 people from Japan will travel to the islands, which Japan claims as its northern territories, in nine batches.

About 400 Russian islanders will visit Japan in six groups during the same period.

The former Soviet Union seized the four islands — Kunashiri, Etorofu, Shikotan and the Habomai group of islets — from Japan at the end of World War II. The territorial dispute has prevented both sides from signing a peace treaty formally ending hostilities.

Japan: Hashimoto Defends 'Jusen' Plan in Upper House

OW2501042496 Tokyo KYODO in English
0403 GMT 25 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO — Prime Minister Ryutaro Hashimoto Thursday [25 January] defended the controversial government scheme to use 685 billion yen of taxpayer money to liquidate seven failed housing loan companies, with the Diet debate on the issue moving on to the House of Councillors.

The home mortgage companies, known as "jusen," must be swiftly liquidated in order to restore stability and confidence in the Japanese financial system and get the Japanese economy on track, Hashimoto said.

The opposition criticized the government scheme, following interpellations at the House of Representatives the previous day.

The government rather should use the money for survivors of the devastating Great Hanshin Earthquake a year ago, said Naohiko Okubo from Heisei Kai, a parliamentary bloc combining upper house members of the main opposition party Shinshinto (New Frontier Party) and Komei Party. Okubo belongs to Komei.

Hashimoto responded to the demand by saying the government will "continue efforts for rehabilitation (of those affected by) the earthquake."

The prime minister also reiterated his pledge to disclose information on the issue to gain public support for the scheme and promised that the government.

Japan: Government 'Cannot Retract' Jusen Plan

OW2501023396 Tokyo KYODO in English
0151 GMT 25 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO — The government cannot retract the proposed use of 685 billion yen in taxpayers' money to liquidate seven failed housing loan companies, the top government spokesman said Thursday [25 January].

Chief Cabinet Secretary Seiroku Kajiyama also told a press conference the government should map out the total picture on disposal of the mortgage companies before deciding on a second-stage disposal plan, which is expected later this week.

Japan: 'Secondary' Jusen Losses Plan Nears Completion

OW2401234396 Tokyo KYODO in English 2323 GMT 24 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO — The problem of "secondary" losses stemming from the dissolution of seven debt-ridden housing loan companies, or jusen, is expected to be resolved by the end of the week, Finance Ministry officials said late Wednesday [24 January].

The likelihood emerged as the commercial banks that founded the seven housing loan companies and farm-related financial institutions, the largest creditors to the housing firms, expressed a readiness to accept the Finance Ministry's final loss-disposal plan, the officials said.

The latest plan calls for, among other things, a fifty-fifty sharing of final losses resulting from the liquidation of the seven mortgage firms by the government and private financial insitutions involved.

The ministry's plan, submitted to the financial institutions involved in the issue on Wednesday, also calls for creating a 1 trillion yen fund designed to stabilize the nation's banking system within the government-backed deposit insurance corp.

To establish the fund, the ministry will ask the bank founders, agriculture-related financial institutions, life insurance firms and brokerage houses to supply funds, the officials said.

Moreover, the plan proposes a law for the liquidation of the home mortgage firms to provide legal grounds for the commitment from banks, because of the concern that they could be sued by their shareholders if they spend more on the liquidation than they lent to the companies.

The government plans to urge the housing loan firms to immediately dump irrecoverable loans and transfer recoverable bad loans and performing assets to a planned debt-collection organization.

The combined total assets at the seven housing firms are estimated at 13 trillion yen.

The government late last year mapped out a taxpayer-financed plan to cover 6.4 trillion yen worth of "primary losses" on irrecoverable loans.

The new fund will finance the purchase of about 6.8 trillion yen worth of assets at the seven housing firms, of which 1.2 trillion yen worth of assets are deemed irrecoverable.

Under the final plan, the founder banks, nonfounder creditor banks and the farm institutions will extend a total of 6.8 trillion yen in low-interest loans to the debt-collection organization to finance the purchase of the housing lenders' assets. The cost is equally shared by the three groups of financial institutions.

The Finance Ministry plans to propose the same repayment terms for the low-interest loans to the farm banks as those of the founder banks.

The debt-collection vehicle is to end its operations 15 years after the government starts implementing the scheme.

The ministry's final plan calls for the government and the relevant financial institutions to finance final losses, or housing loans left unrecovered, on an equal ground, with the principal of loans extended by the three groups of financial institutions to be guaranteed by Deposit Insurance Corp.

The Finance Ministry initially estimated the final losses at 1.2 trillion yen but is believed to have not specified the amount in the final loan-loss disposal plan.

The ministry presented the scheme to these financial institutions and asked them to decide by the end of Thursday if they approve of the plan, the officials said.

Japan: No New Tax Money for Jusen for 15 Years Urged

OW2501110396 Tokyo KYODO in English 1030 GMT 25 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO — Vice Finance Minister Tadashi Ogawa said Thursday [25 January] the possible injection of additional tax money to help settle the bad loan mess caused by housing loan firms [jusen] should not take place for 15 years.

"If the government needs to take another fiscal step to help cover losses that could emerge in the process of collecting loans made by the seven troubled housing loan companies, it should be carried out when an envisaged loan-collection vehicle is disbanded 15 years later," Ogawa said at a press conference.

"I think it unnecessary for the vehicle to fix losses every year during the 15-year period," he said.

Ogawa also said the government has no plan to show specific estimates for losses stemming from the loan-collecting process when it finalizes a disposal scheme for the bad loan issue.

At the end of December, the government decided to use 685 billion yen in taxpayers' money to help cover the losses stemming from the liquidation of the housing loan companies which are saddled with huge bad loans.

After the mortgage companies are liquidated, their loans will be transferred to a loan-collecting vehicle to be created by the private sector.

The Finance Ministry is now making last-ditch efforts to seek support from the private sector for its draft scheme to dispose of losses that could emerge in the process of collecting loans.

The draft scheme calls for costs for covering final losses to be equally shared by the government and the private sector.

Japan: Public 'Outrage' Over Jusen Plan Overshadows RTC

OW2501014096 Tokyo KYODO in English 2359 GMT 24 Jan 96

[By Mutsuo Fukushima]

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO — Public outrage over a government plan to use taxpayers' money to cover part of the massive losses run up by housing loan companies is casting a shadow over a planned Japanese version of the U.S. Resolution Trust Corp. (RTC) even before it auctions off a single land parcel.

The U.S. corporation, a specially established government agency, spent 90 billion dollars in taxpayers' funds to make up for losses stemming from what it called the "fire sale" of mortgaged properties it took over from bankrupt savings and loan institutions.

However, the RTC was given full authority to carry out the mission by seizing failed financial institutions, declaring them bankrupt, seizing and liquidating their assets at market prices and paying off the depositors, regardless of protest.

Japan's Finance Ministry is now seeking parliamentary approval to give the Japanese RTC basically the same mechanism of drawing on taxpayers' money and a pool of financial institutions' insurance premiums deposited with Deposit Insurance Corp.

Following the example of the American cousin, the Japanese RTC must accept the hard realities without flinching, banking analysts say.

The dilemma lies in whether Japan's populist politicians can convince the public to accept the disposal losses arising from wide gaps between the book and market values of the assets involved.

It would be even more difficult for them to get public acceptance of the fact that the operations of the Japanese RTC would require more public funds than those to be incurred under the scheme to dissolve the ailing housing loan firms.

Besides, a parliamentary fray between the government and an opposition camp bent on exploiting public anger in view of an approaching national election could make it hard for the Japanese RTC to get off to a smooth start.

The no. 1 opposition Shinshinto (New Frontier Party) has vowed to grill the coalition government over plans to use 685 billion yen in public funds to make up for a shortage in the funds the Finance Ministry managed to squeeze out of the banks and agricultural cooperatives that backed the failed mortgage loan firms. The 685 billion yen is only a fraction of the larger 6.41 trillion yen scheme the ministry devised late last year to disband the seven housing loan firms.

What is more, the 6.41 trillion yen accounts for only one-third of the ministry-estimated 18 trillion yen in irretrievable loans plaguing the entire Japanese financial sector.

The total value of overall problem loans is even bigger at 40 trillion yen under ministry estimates, but many private economists maintain the actual amount may be twice that much.

And the new coalition has not even explained to the public that bailing out the Japanese economy and saving their livelihoods may require even more money than the 90 billion dollars the United States spent to pull its economy out of the savings and loan quagmire in the 1980s, economists say.

Besides, some economists warn that unless Japan's RTC has the courage of its U.S. counterpart in taking losses arising from the disposal of mortgaged land held as collateral for the bad loans, the economy may be entrapped in its current sluggishness forever.

If a sizable amount of public funds is not used to help cover the losses, "all related financial institutions will be seriously harmed," with, at the least, many agriculture cooperative-affiliated banks going bankrupt under the weight of bad loans, said Mineko Sasaki-Smith, senior economist at Morgan Stanley Japan Ltd.

If Japan's RTC really wants to thaw the frozen land market, it should be prepared to take losses in auctioning off land at current market values, which are generally less than one-third the grossly overvalued appraisals by banks during the "bubble" years, the economists say.

But a Finance Ministry source asked, "The U.S. Resolution Trust Corp. spent the dollar-equivalent of some 10 trillion yen. If our ministry tries to do the same, would the Japanese people approve?"

"Because the RTC has to make up for losses (from probable discount sales of properties) with money from Deposit Insurance Corp., it will not be able to dispose of the collateral at sharp discounts," the MOF [Ministry of Finance] source said. "It has to sell it off at as high prices as possible."

"Although Cooperative Credit Purchasing Co. (CCPC) appraised the collateral prices with the help of professional real estate appraisers, we saw various people come forward to protest what they saw as unacceptably cheap prices," he said in reference to CCPC efforts to sell properties.

The CCPC was set up in March 1993 and financed by Japanese banks to dispose of real estate-backed bad loans. From its inception through last December, it had purchased 4.4 trillion yen in collateralized loans with an aggregate book value of 10.3 trillion yen.

The losses suffered by the banks that sold their bad loans to the CCPC amounted to 57 percent during the period, as it valued and purchased the mortgaged real estate at an average of 43 percent of the original book value. In December alone, sagging land prices boosted the loss ratio to 75 percent.

In turn, the value of properties sold by the CCPC to independent third parties since its inception — 342.1 billion yen — is a mere 3.3 percent of the total of the original book values of all loans acquired by the body.

Masaru Takagi, chief economist at the Fuji Research Institute, affiliated with Fuji Bank, says the Japanese RTC should auction off the mortgaged land "as quickly as possible" after it is founded.

"There is the worrisome possibility that land prices may suffer further declines, aggravating Japan's overall economic situation," he said.

The Finance Ministry vowed to secure parliamentary approval for a bill to transform Tokyo Kyodou Bank — the existing rescue vehicle for a handful of bankrupt credit unions — into the RTC-like entity during a 150-day Diet session that convened Monday [22 January].

Yuri Okina, senior economist at the Japan Research Institute, said, "Unless the RTC seeks to auction off the properties at realistic prices, risking criticism for pricing them too low, investors will not buy."

"Although the RTC may later come under criticism, it should keep in mind that the U.S. RTC also braved that," she said

Japan: Banks Ranked on Ability To Handle Bad Loans

962A0011A Tokyo SHUKAN DAIYAMONDO in Japanese 9 Dec 95 pp 12-14

[Article by Shoyo Yutani ranks 21 major Japanese banks based on ability to handle nonperforming loans and on ratio of nonperforming loans to capital]

[FBIS Translated Text]

Trust Banks and Long-Term Trust Banks Cannot Avoid Restructuring

Beginning with the mid-year accounting report for September of this year, the 21 major banks began to reveal credit on which interest payments have been reduced or exempted. That information was used as a basis for estimating the ability of banks to dispose of bad loans in terms of cash flow and assets. Those estimates reveal that some banks cannot survive under the burden of bad loans.

Recently, an executive of an unnamed bank quietly approached a leading bank about the prospect of a merger.

The response he received from the executives of the leading bank was, "Please come back and see us after you have undergone restructuring and the implementation of additional cost reductions." The executive of the bank seeking merger action was severely disappointed, but he had no choice but to think in terms of additional restructuring actions. The bank that sought a merger was one of the 21 major banks.

The Ministry of Finance has officially declared that "the 21 major banks are secure." However, the statement means that the major banks will not fail like Cosmo Credit Union or Kizu Credit Union, but does not mean that the 21 banks can survive without undergoing some sort of change. It can be said that some of them face conditions that make it inevitable that they undergo aid in the way of mergers and restructurings.

The indictment of Daiwa Bank and external pressure in a form under which only Japanese banks are charged a high rate on interbank foreign-exchange borrowings called *Japan Premium* has caused the 21 major Japanese banks to reluctantly initiate disclosure of credit on which interest payments have been reduced or exempted beginning with fiscal year 1995 first half earnings reports.

In response, this magazine has hurriedly prepared estimates on the banks' abilities to dispose of bad loans in terms of 1) the number of years it will take to dispose of bad loans using the banks' net operating profits which represent their basic revenues; i.e., ability to dispose of the loans using cash flow, and 2) a comparison of a broad-based interpretation of net worth including unrealized profits versus bad loans; i.e., ability to dispose of loans using bank assets.

The Ministry of Finance has provided estimates based on survey data which indicate that coverage (recoverable rate) provided by collateral for credit to bankrupt and delinquent organizations is 37 percent and that the irrecoverable rate for credit on which interest payments have been reduced or exempted is 17 percent (recoverable rate is 83 percent). These recoverable rates are viewed as optimistic, but were used in our calculations without change.

For net operating profit, we used an average of fiscal years 1993 and 1994 actual profit and fiscal year 1995 projected profit. These were based on net operating profits during a low-interest period, providing for fairly high levels.

Even then, it would take Nippon Trust Bank close to 20 years and Yasuda Trust and Banking 8.4 years to dispose of bad loans on the basis of net operating profit. In the case of trust and banking companies, we are speaking in terms of net operating profits arrived at after disposing of bad loans in trust accounts, making them smaller relative to city banks and longer-term credit banks. As for fiscal year 1995 projections, we have modified the figures by adding in trust account dispositions, but fiscal year 1993 and 1994 figures were not modified because trust account disposition figures were unavailable. The trust and banking company estimates reflect this disadvantage.

Among city banks, it would take Hokkaido Takushoku Bank 4.8 years, and the Sakura Bank 2.4 years to dispose of bad loans. On the other hand, those banks which could complete bad loan dispositions by the next fiscal year include eight banks, ranging from Mitsubishi Bank to Dai-Ichi Kangyo Bank and Tokai Bank.

Ministry of Finance estimates indicate it will take 3.57 years on an overall basis and 1.75 years for city banks, but this magazine estimated that it would take 3.68 years on an overall basis, 3.01 years for long-term credit banks, 1.51 years for city banks, and 7.35 years for trust and banking companies. As can be seen in the rankings, the quality of banks is clearly based on operating conditions.

Inadequate Restructuring Plans, Trust and Banking Companies Face Inevitable Restructuring

In the meantime, a look at banks ability to dispose of bad loans using available assets revealed bad loans against capital ratios of less than 10 percent reflecting adequate resources on the part of five banks starting with Mitsubishi Bank and ending with Asahi Bank, but banks ranking below Toyo Trust and Banking, which had a ratio in excess of 30 percent, all reflected a fairly severe bad loan problem. The overall average ratio was 23.3 percent, 30.5 percent for long-term credit banks, 12.8 percent for city banks, and 36.7 percent for trust and banking companies, reflecting the conspicuously superior position of city banks, exclusive of Hokkaido Takushoku Bank, compared to long-term trust banks and trust and banking companies.

Unrealized gains for securities held by banks have risen in all cases because the stock-price average for the Nikkei has recovered from 16,000 yen as of the end of March 1995 to 18,000 yen as of the end of September 1995 and because of banks' accounting policy of husbanding unrealized gains. The leading bank in this respect is the Industrial Bank of Japan with unrealized gains in the 1.6 trillion yen range, and at the other end is the Hokkaido Takushoku Bank with less than 100 billion yen in such gains.

On the other hand, unrealized gains on land were estimated on the basis of land value taxes paid, but Tokyo banks with numerous branches rank the highest. Long-term credit banks and trust and banking companies with few branch offices possess limited unrealized profits on land holdings. Among them, Mitsubishi Trust and Banking, which carries a high book value but ranks lowest in terms of unrealized profits on land holdings.

Further, trust and banking companies maintain special reserves within trust accounts. The trust and banking industry has asked for permission from the Ministry of Finance to use those reserves to dispose of bad loans. The Nippon Trust Bank is already using such reserves based on administrative guidance from the ministry. Mitsubishi, Sumitomo, and Mitsui Trust and Banking each have such reserves in the amount of 250 billion yen to 280 billion yen, while Yasuda Trust and Banking has about 200 billion yen, Toyo Trust and Banking has about 150 billion yen, and Chuo Trust Bank has about 100 billion yen. Even if such reserves are considered, many trust and banking companies are low in ranking and reflect the difficulties they face.

Unrealized land profits would probably decline if an attempt were made to actually sell, while unrealized profits on securities in some cases will depend on stock prices, and it would be unrealistic to realize all of the unrealized gains. In other words, a realistic estimate of unrealized profits would peg them at a lower level.

The foregoing review indicates that banks with low levels of cash flow and asset holdings would have difficulty in achieving unassisted recovery. If a bank intends to avoid dependence on aid through merger, it must take bold restructuring actions such as not only personnel cuts, but salary cuts and, as was the case in the Hokkaido Takushoku Bank, banks must undergo disposal of headquarters buildings, consolidations, closures and sales of branch offices, and disposal of company homes and recreational grounds.

Now that holding companies have been legalized, city banks will probably play a central role in actively involving themselves in buying trust and banking companies and securities firms. If that trend takes hold, the question is, how many trust and banking firms will remain independent? Also, what will be the status of the Long-Term Credit Bank of Japan and the Nippon Credit Bank?

Public Disclosure Has Been Made of Reduced and Exempt Interest Credit, But Condition of Bad Loans Remains Undisclosed

Credit on which interest payments have been reduced or exempted was disclosed in a unexpected fashion, but making it difficult to assert that the banks all followed a standard procedure.

Fuji Bank is an example. It has 1.06 trillion yen in reduced or exempt interest credit. Most of the amount applies to Tobishima Corporation, Japan Trade Trust Bank, housing loan companies, and affiliated nonbanking firms. Fuji Bank's nonbanking affiliates include Fuyo General Leasing, Japan Mortgage Company, and Fuyo General Development. The figures can said to be fairly close to the real situation.

Fuji Bank's net operating profit for fiscal year 1995 is projected to be 440 billion yen, but after disposition of 880 billion yen in bad loans will show a loss of 440 billion yen. The bad loan figure includes over 500 billion yen of bad loans disposition by the foregoing three nonbanking firms.

Moreover, even though some bad loans held by Japan Mortgage Company and those of Fuji Credit still await disposition, the statement by the bank.... "This bank's plan is to clean up its books in the March 1996 year. The Fuji Bank group will have overcome its major problems"...is probably true.

Meanwhile, the Industrial Bank of Japan (IBJ) has only about 90 billion yen in interest reduced or exempted credit outstanding which does not include any loans to housing loan specialty companies. IBJ has loans outstanding to affiliated nonbanking firms such as IBJ Leasing (total debt outstanding of about 970 billion yen of which 280 billion is due IBJ) and IBJ Finance (total debt outstanding of about 200 billion yen of which 120 billion yen is due IBJ). Also, Long-Term Credit Bank of Japan (LTCBJ) has only 32.3 billion yen in interest reduced or exempted credit outstanding exclusive of housing loan companies, but has loans outstanding to affiliated nonbanking firms such as NED [expansion unknown] (total debt outstanding of about 600 billion yen of which 150 billion yen is due LTCBJ), LTCBJ International (total debt outstanding of about 300 billion yen of which about 65 billion yen is due LTCBJ), First Credit (total debt outstanding of 300 billion yen of which about 60 billion yen is due LTCBJ). Japan Leasing, with which LTCBJ has extensive dealings, has total debt outstanding of 2 trillion yen.

In the case of banks such as Fuji Bank and Nippon Credit Bank, where interest reduction and exemption action on loans has been taken, figures could be produced which were close to actual conditions, but it was difficult to discern the real situation at banks such as IBJ and LTCBJ. Affiliated nonbanking firms of such banks may not have taken interest reduction and exemption action, but as already implemented at some such firms, there are probably many firms which will have to absorb losses in the form of aid extended to affiliated firms. Such a condition exists because disclosure of interest reductions and exemptions on loans does not necessarily mean that the real conditions have been totally revealed.

(Formula for Calculations) In calculating years required to dispose of bad loans, the numerator included 1) loans to bankrupt activities plus delinquent loans minus 37 percent collateral coverage (based on Ministry of Finance survey) and three-fourths of special bond redemption accounts (tax effect treated as one-third in the case of taxable loans), 2) 17 percent of interest-reduced or exempted loans exclusive of housing specialty loans (irrecoverable rate derived from Ministry of Finance survey), 3) Losses sustained in loans to housing loan specialty companies (when settlement is reached under arrangements with modified parent organization approach and loss is deemed to be 52.5 percent of overall loans), 4) Additional losses sustained as a result of disposal losses in connection with sales of credit to Joint Credit Purchasing Company (10 percent of such disposals made up to fiscal year 1994), while the denominator included average yearly net operating earnings based on the actual figures for fiscal years 1993 and 1994 and estimated figure for fiscal year 1995.

In calculating the ratio of bad loans against net worth including unrealized gains, the numerator used was as stated above, while the denominator included 1) unrealized gains on securities, 2) net worth, 3) 90 percent of unrealized gains on land holdings (calculated on the basis of land taxes paid)(10 percent was treated as deductible for land transaction taxes), 4) bad debt reserve.

Additionally, in the case of trust and banking companies special reserves were included in the denominator. Further, to make operating net earnings comparable with those of city banks, net operating earnings of trust and banking companies were augmented by bad loan disposals of trust accounts (only projected amounts for fiscal year 1995).

Bad Loan Handling Capabilities

Unrealized Land Gain Ranking (Estimated)			Ratio of Bad Loans Versus Net Worth Plus Unrealized Gains			Years Required to Dispose of Bad Loans		
Ranking	Bank	Billion Yen	Ranking	Bank	Percent	Ranking	Bank	Years
1	Dai-Ichi Kangyo Bank	743.1	1	Mitsubishi Bank	3.9	1	Mitsubishi Bank	0.42
2	Sakura Bank	576.8	2	Sumitomo Bank	5.4	2	Tokyo Bank	0.46
3	Fuji Bank	549.6	3	Tokyo Bank	5.7	3	Sumitomo Bank	0.49
4	Mitsubishi Bank	536.9	4	Fuji Bank	8.0	4	Fuji Bank	0.69
5	Sanwa Bank	462.8	5	Asahi Bank	9.7	5	Sanwa Bank	1.08
6	Sumitomo Bank	427.2	6	Dai-Ichi Kangyo Bank	10.7	6	Asahi Bank	1.25
7	Asahi Bank	375.2	7	Sanwa Bank	11.8	7	Dai-Ichi Kangyo Bank	1.31
8	Tokai Bank	232.8	8	Tokai Bank	12.8	7	Tokai Bank	1.31
9	Daiwa Bank	218.3	9	Industrial Bank of Japan	17.0	9	Daiwa Bank	2.39
10	Industrial Bank of Japan	160.0	10	Daiwa Bank	17.5	10	Sakura Bank	2.45
11	Bank of Tokyo	118.4	11	Sakura Bank	17.6	11	Long-Term Credit Bank of Japan	2.48
12	Sumitomo Trust & Banking	77.6	12	Long-Term Credit Bank of Japan	20.6	12	Industrial Bank of Japan	2.94
13	Hokkaido Takushoku Bank	76.9	13	Mitsubishi Trust & Banking	25.1	13	Mitsubishi Trust & Banking	3.05
14	Nippon Credit Bank	53.5	14	Mitsui Trust & Banking	25.7	14	Nippon Credit Bank	3.61

Japan: Government Submits Budget Plan to Diet

OW2201042896 Tokyo KYODO in English
0257 GMT 22 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 22 KYODO — The government submitted to the Diet on Monday [22 January] its 75.1 trillion yen budget plan for fiscal 1996.

The general account budget for the year starting April 1 calls for the biggest increase in five years of 5.8 percent, due to such costs as interest payments on government bonds and expenses from fiscal funds for helping liquidate seven crippled housing loan companies.

The plan also calls for issuing a record 21.03 trillion yen in government bonds, including about 12 trillion yen worth of deficit-financing bonds.

The outstanding balance of government bonds is estimated to come to 241 trillion yen as of the end of fiscal 1996.

In the separate fiscal loans and investment program, the so-called second budget, the government plan allocates 49.12 trillion yen, up 1.9 percent from the initial budget in fiscal 1995.

Japan: FY96 Budget Includes 3.4% Growth in Subsidies

OW2301124796 Tokyo KYODO in English
1054 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO — The Finance Ministry said Tuesday [23 Janaury] that subsidies under the fiscal 1996 budget plan show a 3.4 percent rise from the level seen in the initial fiscal 1995 budget, eclipsing the 2.4 percent increase in core general account expenditure.

The government has earmarked 18,736.6 billion yen for subsidies in the budget for the fiscal year beginning April 1, ministry officials said.

While the government cut subsidies for economic cooperation and energy policies from year-earlier levels, social security and public works subsidies soared, boosting the total figure, they said.

But the number of subsidy projects declined to 2,223, down 27 from the previous year's level, reflecting government efforts to streamline subsidies, according to the officials.

The fiscal 1996 budget ranks high on the agenda of the current parliamentary session which began Monday.

Japan: Security Expert Discusses Crisis Management

OW2201115896 Tokyo MAINICHI SHIMBUN
in Japanese 17 Jan 96 Morning Edition p 2

[Interview with Atsuyuki Sassa, former director of the Cabinet Security Affairs Office, by Akira Fukui of MAINICHI SHIMBUN Political Department; date and place not given]

[FBIS Translated Text] [Fukui] Last year, people came to feel the significance of "crisis management" more directly than ever before.

[Sassa] Crisis management is tantamount to reflexes. When the optic nerve signals "danger," the brain gives instructions to "make a dodge." It is the brain that makes the decision and gives orders. This is what Japan is wanting. Last year, our people came to feel more immediately than ever before that the government must possess reflexes to avoid burns.

[Fukui] Do you think that the great Hanshin earthquake and the Aum Shinrikyo incident have brought to the surface the state's frailty in crisis management?

[Sassa] The government have dealt with them as accidents. What is missing is the standpoint of a comprehensive administration with the prime minister acting as the top leader in the crisis management. It was a mistake to put them under the jurisdiction of one individual agency or ministry: the National Land Agency should be asked to handle the disaster caused by earthquakes and the National Policy Agency the sarin attack incident.

Saying that "no reports were received," the prime minister and other officials failed to make any decisions [ketsudan] but just waited to work out sanctions [kessai]. At the ordinary time, the procedure is to work out sanctions. When a disaster has resulted from an earthquake, the prime minister should immediately hold a cabinet meeting and give orders concerning life-saving efforts, fire fighting, medical treatment and transport of materials.

[Fukui] Learning a lesson from the earthquake, the system of the Prime Minister's Official Residence will be strengthened beginning this fiscal year. What do you think of it?

[Sassa] It is a step forward but nothing has been settled in essence. It is stipulated in Article 72 of the Constitution that "the prime minister exercises control and supervision over various administrative branches." However, it is stipulated in the Cabinet Act that "the prime minister exercises control and supervision over various administrative branches on the basis of policies decided at the cabinet meeting." Designating the cabinet meeting as the center of collective leadership, the act deprives the prime minister of his right to control and supervise over various administrative branches. The prime minister is nothing but the moderator of the cabinet meeting. If one participant should oppose it, the decision will be denied.

Several cases, such as the hijacking in Dhaka, and the shooting down of a Korean Air Lines aircraft, were handled not under the prime minister's right of control but under the chief cabinet secretary's authority to coordinate. This is not a proper way for a constitutional state to handle matters, and at the same time, it is a suicidal act for a democratic country. Efforts should be made to revise the Cabinet Act to grant the prime minister emergency powers so that he or she will be able to assume leadership directly. Now is the time for reform.

[Fukui] In the post-war period, Japan has tried not to choose a "strong leader." Implementing reform is not a easy job. What do you think about this?

[Sassa] It cannot be changed immediately. We were agricultural people and left everything to the "sun's" wish. For this reason, from ancient times nobody was held for responsible for poor harvests. As for [the delay in relief operations for] the great Hanshin earthquake, no politicians and government officials resigned. Based on such a logic, the jusen's [housing loan companies] bad loan issue would be regarded to be "a natural disaster, and would be considered nobody's fault."

In the Aum Shinrikyo-related incidents, young people devoted themselves to a despot, donated their property to him, and produced sarin nerve gas and guns. The attitude of longing for a strong leader is dangerous in a sense. What I want to say is that in dealing with emergency cases, the government needs to formulate certain legal steps rather than bypassing [concerned governmental offices' jurisdiction to take necessary steps].

[Fukui] Do you mean that a leader similar to a president is necessary?

[Sassa] No, I do not. Systems other than the presidential system can deal with such circumstances. Japan adopted a parliamentary system in accordance with the Emperor system. However, it forgot to introduce something very important — majority rule, the political corruption prevention law, and emergency powers. The law cannot define "presently existing danger." This leaves no other choice for the prime minister and other politicians but to make a political decision themselves. If they make a wrong decision, then, they should resign.

[Fukui] There is no end to crisis management for a "rainy day."

[Sassa] It is foolish if one pays insurance premiums to the extent of jeopardizing one's finances. Based on common sense, where the limit lies is a self-evident question. Crisis management is "first aid." For example, in an event similar to the great Hanshin earthquake, the prime minister should be allowed to exercise supreme power for one month after the occurrence.

After a certain period, the prime minister would lose such powers. In the peacetime, decisions should be made unanimously. It is a great mistake for us to oppose this idea, saying "strengthening crisis management system leads to totalitarianism." It is the cabinet, in other words, it is the prime minister and the chief cabinet secretary who will decide where the limit lies.

The Public Security Investigation Agency did a great job in deciding to apply the Anti-Subversive Activities Act to Aum Shinrikyo. Its job is finished. It is no longer necessary for the agency to have as many as 1,780 personnel. Half of their number and their budget should be allotted to either the Cabinet Information Research Office or the Cabinet Security Affairs Office. In addition, an international information unit needs to be formed to build up the Cabinet's functions.

[Fukui] What is the most significant task in 1996 crisis management?

[Sassa] I think it is the Korean Peninsula issue. The situation in both North and South Korea will remain uncertain until the end of this century. If a coup is staged, we will need to deal with several issues, such as protection of Japanese people residing there, the issue of mass refugees, and how Japan should extend logistical support to the U.S. forces if the operations will be based at their bases in Japan. We should decide on our stand toward those issues, otherwise we would be in chaos. If Japan does not want to maintain the Japan-U.S. security treaty any further, we will have no other choice but to be armed with nuclear weapons. This is the matter of the greatest significance in dealing with the crisis management issue, and politicians should ask for people's choice to this effect.

Japan: Expert Views Connection Between TMD, MSDF

962B0017A Tokyo SEKAI NO KANSEN in Japanese Dec 95 pp 94-97

[Article by Naotoshi Sakanjo, researcher, Japan's Research Institute for Peace and Security: "JMSDF in the Next Century—5. TMD & JMSDF"]

[FBIS Translated Text]

What Is a TMD?

Theater Missile Defense [TMD] refers to a theater missile defense system. Missiles encompass ballistic missiles [BM] and cruise missiles [CM], and the former is launched with propulsive explosives and assumes a trajectory in reaching its target, while the latter is propelled like an airplane in the process of sucking air and burning fuel. TMD's are established for the defense of BM and are synonymous with Theater Ballistic Missile Defense [TBMD], but in recent days the acronym TMD is used more commonly. Further, the "T" in TMD and TBMD sometimes denotes "Tactical" but in most instances refers to "Theater."

A term recently being used relative to TMD is National Missile Defense [NMD]. In contrast to TMD providing for defense of allies of the United States, friendly nations, and U.S. forces deployed in overseas areas, NMD provides defense for the U.S. mainland, and represents a down-sized version of the Strategic Defense Initiative [SDI, or so-called Star Wars]. SDI was primarily a space-deployed system, but NMD is a land-based system. A controversy exists within the United States relative to its need, and the Congress supports the system while the Administration opposes the system. In the event a decision is made to deploy such a system, negotiations will be required between the United States and Russia concerning the revision or cancellation of the ABM [Antiballistic Missile] Treaty of 1972 (between the United States and Russia).

By the way, theater BM's are BM's that are not strategic BM's, such as intercontinental ballistic missiles [ICBM] and submarine-launched ballistic missiles [SLBM]. ICBM's have a range of more than 5,500 kilometers, which means that land-launched BM fall in the category of theater BM. Theater BM are further categorized into those that have a range of more or less than 500 kilometers into short-range and medium-range BM's with the former sometimes referred to as tactical BM.

Theater BM's used thus far in actual combat have been limited to the Soviet scud or BM's based on the scud which were used by both sides during the Iran-Iraq War of 1982-1988, while Iraq released over 80 such missiles into Israel and Saudi Arabia during the Gulf War of 1991.

Currently, short-range BM's exist in 18 classes and a total of about 8,000 rounds in 32 countries, while such missiles under development include 11 classes, and medium-range BM's exist in 15 classes and a total of about 2,000 rounds, while such missiles under development include 13 classes.

This article will be limited to North Korea and China, but short-range BM in North Korea include Scud B (range of 150 kilometer) and Scud C (range of 300 kilometer), while missiles in China include the M-7 (range of 150 kilometer) and DF-1 (300 kilometer). However, those missiles cannot reach Japan. Reaching Japan would require a range of over 1,000 kilometers.

North Korea has no medium-range BM's that are already deployed, but those under development include Nodon-1 (1,000 kilo), Nodon-2 (1,500 kilo)), Tepodon-1 (2,000 kilo), and Tepodon-2 (3,500 kilo), while Nodon-1 has undergone test firings in 1993 and 1994 leaving open the possibility that it will be placed in service before too long.

China's medium-range BM's include the DF-21 (1,800 kilo), DF-3 (2,800 kilo), and DF-4 (4,750 kilo), with all of them already in deployment. Conventional warhead explosive charge is in the one-ton range for North Korean missiles and 400 kilo to two tons for Chinese missiles.

U.S. TMD Program

The U.S. TMD program includes land-based (hereinafter referred to as land-deployed TMD) and sea-deployed (hereinafter referred to as sea-deployed TMD), and each class is planned in low-altitude (inner space) and high-altitude (outer space) versions. To begin with, land-deployed TMD will be based on the low-altitude Patriot modified into a PAC-3, while the high-altitude missile will be based on the Theater High-Altitude Air Defense [THAAD].

Next, sea-deployed TMD will be based on a modified Aegis system installed on the so-called Aegis vessels. They include 27 units of Ticonderoga-class cruisers and Arleigh Burke-class destroyers, while the latter include 10 units (DDG-51's and DDG-60's) already deployed and 22 units under construction or approved budgetarily for construction. However, the first five units of the Ticonderoga-class vessels lack vertical-launching systems [VLS] required for TMD and will probably eventually face exclusion from the program.

The current Aegis system is designed as anti-air weapons [AAW] to respond to combat missiles [CM](and aircraft) which fly at subsonic speeds and ultra-low altitudes, thus requiring substantial modification to respond to BM which reenter the atmosphere after traveling at very high altitudes at supersonic speeds. Initially envisioned is the modification of standard missiles [SM-2] designed as low-altitude TMD with a target date at the end of the 1990's. Shortly, development of the Block IV will be completed, but will be followed by development of the Block IV-A.

The warhead and fuse will be modified and the current semi-active radar homing device will be modified to include an ultraviolet seeker. The SPY-1 radar will also be modified. Those changes will provide TMD with capabilities equal to the Patriot PAC-3, while preserving AAW capabilities of the past.

High-altitude TMD will be developed with a goal of 2005, using the Lightweight Exoatmospheric Projectile [LEAP]. Such missiles will detach from SM-2 blocks, fly with miniature rocket motors and destroy reentry vehicles through shock (kinetic energy) by using ultraviolet light seekers and homing devices. The U.S. Navy has already commenced tests of such systems. SPY-1 radars will also undergo substantial modification, but there may be a need to develop new radar. Firings of THAAD as a substitute for SM-2 were considered, but it appears that such an alternate approach was rejected because of the safety issues surrounding the use of liquid fuels aboard naval vessels.

Characteristics of Sea-Deployed TMD

A characteristic of a sea-deployed TMD that can probably be mentioned is that it does not exist to defend its own ships or the fleet itself. The Maritime Self-Defense Force [MSDF] has about 60 destroyers, but most of them are designed for anti-air defense of the vessels (point defense) and are equipped with air defense sparrow missiles and Phalanx Automatic High-Speed Close-In Weapon Systems [CIWS]. A total of seven vessels with DDG designations including two "Kongo"-class ships, two "Hatakaze"-class ships, and three "Tachikaze"-class vessels carry long-range SM-2 and have the capability to provide for air self-defense of the unit (area defense). The "Kongo"-class DDG possesses especially high capabilities in this respect.

It would be correct to believe that BM will not be launched against individual ships and sea-deployed units. The reason is that they are not very accurate and targets of that nature are usually on the move. Accordingly, sea-deployed TMD's are exposed to the risk of being targeted by theater BM, as well as, engaging in land-based defense of a considerable distance, and it will be the first time that such a mission is assigned to a sea-deployed ship.

According to the U.S. Navy, sea-deployed TMD have several advantages over land-based TMD. Consideration was given to 37 different scenarios for use of theater BM in which 26 involved ballistic paths traveling over sea surfaces, making sea-deployed TMD response a better option. Additionally, deployment of land-based TMD would require a request or approval of the concerned nation. Further, transportation and installation would require time and movement capabilities. During the Gulf War, initial deployment of a Patriot battalion required 40 days and subsequent deployment of five additional battalions required almost 30 days. Movement of one Patriot battalion (with 192 rounds) requires a total of 153 C-17 transports, while one THAAD battalion (with 288 rounds) requires a total of 78 such transports.

On the other hand, sea-deployed TMD does not require a request or approval of other nations nor time nor transportation capabilities. Normally, such units are deployed in maritime regions where a possibility of disputes exist, and provide for rapid relocation in other instances. They can also locate in one location over an extended period. Destruction of BM takes place over waters and collateral damage such as that which occurs on land does not occur. They do not require logistic support and additional investment for infrastructure. Education and training of unit personnel requires only a modest change in programs.

TMD and Japan

In November 1993, then-U.S. Defense Secretary Aspen visited Japan and submitted a request to then-Defense Agency Director General Nakanishi for Japan's collaboration in the TMD program.

In May 1994, 14 Japanese and U.S. firms including Mitsubishi Heavy Industries and Boeing issued a report concerning "Missile Defense in the Western Pacific Region" [WESTPAC], on which they had been conducting research since 1989, and recommended equipment such as low-altitude Patriots, high-altitude THAAD, and four "Kongo"-class vessels to defend Japan from North Korean and Chinese BM.

During the same month, Director O'Neill of the Ballistic Missile Defense Office [BMDO, which was redesignated from SDIO in May 1993] offered Japan four options concerning TMD. Costs ranged from the lowest of $4.5 billion for Option A and the highest of $16.3 billion for Option B, with a systems delivery target date of 2004 or 2005. Option A would respond to Nodon-1, while Options B, C, and D would respond to China's BM.

All of the options call for modification of Patriots to PAC-3. Options C and D involve deployment of THAAD, while Options B, C, and D involve construction of over-the-horizon [OTH] radar. Option A and D would involve deployment of two "Kongo"-class vessels, equipped with TMD capabilities, in the Japan Sea or west of Kyushu. Option B calls for the construction of eight new Aegis ships and deployment of six of the 12 vessels, but the cost factor minimizes the potential for selection of that option.

In August, Prime Minister Hosokawa's advisory organ known as the Defense Issues Conference Board which was established in February 1994 submitted a report to Prime Minister Murayama which stated, "Japan itself has a need to possess the capability to respond to ballistic missiles.... We should collaborate with the United States in actively pursuing the construction of such a system."

The Defense Agency will request 450 billion yen as TMD-related expenditures in the fiscal year 1996 budget. The fiscal year 1995 budget included 20 million yen for estimating the extent of threat involved and the fiscal year 1996 budget will probably focus on TMD simulation (JANE'S DEFENSE WEEKLY magazine, dated 26 August 1995).

TMD and MSDF

Only the MSDF operates Aegis vessels outside the U.S. Navy, with two "Kongo"-class ships currently in service and deliveries scheduled in the quantity of one each for fiscal year 1995 and fiscal year 1997. Standard displacement is 7,250 tons, but fully loaded displacement; length, width, and depth compare as follows with U.S. Aegis vessels:

Ticonderoga-class: 9,466 tons; 172 x 16.8 x 9.5 Arleigh Burke-class: 8,422 tons; 153.8 x 20.4 x 6.3 "Kongo"-class: 9,485 tons; 161 x 21 x 6.2

The shorter length and the wider width of the "Kongo"-class vessel makes it similar to the Arleigh Burke-class, but the "Kongo"-class is similar to the Ticonderoga-class in terms of tonnage. Differences in armament include the fact that the U.S. Aegis vessels are equipped with Tomahawk CM and that the Ticonderoga-class is equipped with two antisubmarine helicopters (The Kongo-class and Arleigh Burke are equipped with lighters and can be refueled at sea), while the "Kongo"-class is fitted with equipment necessary to support TMD such as SM-2, SPY-1 radar, and VLS. VLS loads for the Ticonderoga-class is 122 rounds, while for the "Kongo"-class and the Arleigh Burke-class VLS loads are 90 rounds (According to the WESTPAC report, the "Kongo"-class is loaded with 36 rounds of SM-2 Block-IV-A).

The main mission of the U.S. Aegis-class vessel is protection of aircraft carriers, but "Kongo"-class's mission has not been clearly defined. I remember that a high official of the Defense Agency once gave as an example of its mission the protection of increased military strength deployed to Hokkaido, but if a decision is made to assign TMD capabilities to the vessel, it will mean the assignment of an entirely new mission comprised of protecting the Japanese mainland from BM attacks.

Reportedly, the North Korean Nodon-1 is armed with a one-ton explosive charge and has an error margin of one to 1.7 kilometers, indicating that even if a Japanese military target is attacked, damage should be minimal. However, attacks on urban areas would render a significant destabilizing blow among the public because there is no telling where the missiles would hit.

BM's are designed so that trajectory data are input into an inertial guidance system and once they are launched no additional data modification is made from within or without the BM's. If inertial guidance technology lags, the margin of error expands (Among exceptions in strategic and theater BM was the U.S. Pershing II to be destroyed under the Intermediate-Range Nuclear Force [INF] Treaty which was extremely accurate because as it approached its destination it would detect and home in on the target. Additionally, it had a high speed of 2,000 kilometers in eight minutes and it was reportedly for this reason that the Soviet Union feared the weapon, making it the foremost reason why it decided to sign the INF Treaty.). However, if BM's in the future are designed to use the Global Positioning System [GPS] to correct trajectories, the margin of error should be reduced substantially.

North Korea is viewed as already possessing enough nuclear material for one or two atomic bombs, but if it should ever possess theater BM with nuclear warheads, it would become a grave threat to Japan. However, the United States has offered a nuclear umbrella to Japan and has stressed that there has been no change in that commitment even in the post-Cold War period.

This writer once held a debate with three U.S. military personnel two years ago. They said that Japan should possess a TMD, but the question then became, does it mean that the nuclear umbrella is not adequately reliable? Their answer was that the nuclear umbrella was adequately reliable, but that a Japanese TMD would augment the nuclear umbrella.

Even if the nuclear umbrella should restrain nuclear BM's, there still remains the issue of conventional warhead BM's. Since the U.S. Navy is implementing a sea-based TMD program, the MSDF should probably implement the conversion of "Kongo"-class vessels into TMD systems. Such a move would provide for the defense of Japan as well as enhanced capabilities in support of the Japan-U.S. security arrangements. If Japan possesses any technology which is useful in connection with TMD, it should make it available to the United States.

TMD is purely a defensive system and does not represent a threat to any other nation. China has expressed its displeasure over TMD, but it is an attitude which is difficult to fathom if it has no plans to attack other nations with BM.

The decision to deploy or not to deploy TMD on the part of Japan should probably not be affected by Chinese views of the foregoing nature.

Japan: Leadership Struggle Within LDP Noted

OW2201140796 Tokyo TOKYO SHIMBUN in Japanese 16 Jan 96 Morning Edition p 2

["Scope — 1996 Political Situation" article by Yoichi Toyoda and Yutaka Tabata: "LDP Members Playing at a Tug of War for the Domination of the Administration"]

[FBIS Translated Text] The coalition administration of Ryutaro Hashimoto has just made a start. However, a struggle for "shireito" [leadership] in managing the administration has already been noted in the Liberal Democratic Party [LDP]. After Prime Minister Hashimoto appointed former Secretary General Seiroku Kajiyama as chief cabinet secretary, it has become apparent that the "prime minister's office" will take the leadership. The LDP leadership is trying to restrain such moves. Behind the leadership struggle are differences in views over the issue of to what extent the prime minister from the LDP should display his own color within the coalition administration, the political realignment, and generational changes. This "intraparty issue" may possibly become a source of future trouble in managing the administration.

The Prime Minister's Office Tries To Display It's Original Color in View of "Conservative-Conservative" Alliance

"The government cannot do any work if it slights the party. We do not need to worry that 'higher priority will be given to the government than the party,'" LDP Secretary General Koichi Kato said on 11 January immediately after the formation of the Hashimoto cabinet. He thus emphatically denied the possibility that the influential power of the LDP leadership will decline following the inauguration of the "powerful chief cabinet secretary."

It can be said that Kato made the remarks out of his strong awareness of Kajiyama as a "strong arm" man. Kajiyama himself called on Kato at the party headquarters on 12 January, and emphasized the need for a cooperative relationship between the prime minister's office and the party leadership, saying: "We need to be in close contact with each other from now on." Kajiyama emphasized that now is the "honeymoon" period.

In making a decision under the Tomiichi Murayama administration, "higher priority was given to the party than the government." In other words, the prime minister's office approved decisions that were already made by the three ruling parties — the LDP, the Social Democratic Party of Japan [SDPJ], and Sakigake. Former Prime Minister Murayama could hardly display his "originality."

However, present prime minister Hashimoto is well versed in policies and is a self-confident person. Kajiyama, who served as party secretary general and chairman of the Diet Affairs Committee, is to assist Hashimoto. Given the situation, it is only natural to predict that the prime minister's office will come to the fore.

The Hashimoto administration's imperative duty is to tide over the "jusen Diet" beginning from 22 January — discussion is expected to focus on the jusen [housing loan companies] issue. Its ultimate goal is nothing but to regain a majority in the next general election, the "most decisive battle," and to continue to maintain the administration.

The key persons for those tasks are Diet Affairs Committee Chairman Kenzo Muraoka in charge of the Diet management and Deputy Secretary General Hiromu Nonaka in charge of picking out and coordinating candidates for the general election. They both belonged in the former Obuchi faction as Hashimoto and Kajiyama did. Conditions have been created so that the intentions of the prime minister's office will be accepted easily in the party.

Kajiyama believes that displaying Hashimoto's "original color" is the first thing that is essential to win in the general election, and he intends to strive to spell out Hashimoto's own policies.

Taking advantage of "Kajiyama becoming chief cabinet secretary," former Prime Minister Yasuhiro Nakasone and other veteran Diet members — who put Kajiyama forward as chief cabinet secretary — are cooperating with Kajiyama in keeping the so-called "YKK trio" of Kato, Policy Research Council Chairman Taku Yamasaki, and former Posts and Telecommunication Minister Junichiro Koizumi from trying to promote generational changes within the party. The veteran Diet members are also keeping an eye on the establishment of an "administration of a conservative-conservative (individuals) alliance" after the general election.

The LDP Leadership Is Cautious About the Revival of Veteran Members

On the other hand, Kato and the other YKK members are extending their influence while calling on members of the SDPJ and other parties to join their study group "Group Shinseiki [new century]" comprised of middle-aged and junior Diet members. They aim to deter veteran members led by the Nakasone-Kajiyama line from trying to roll back the situation.

With regard to calls for displaying the LDP's original color within the Hashimoto administration, Yamasaki has indicated a cautious stance, saying: "We do not need to strengthen the party's own color much further than before. The Hashimoto administration is a plywood administration that heaps up peculiar characteristics of the three coalition parties." Their policy of giving top priority to maintaining the "LDP-SDPJ-Sakigake" administration of Prime Minister Hashimoto even after the general election remains unchanged.

Some of Diet members supporting Kato and the other YKK members are stating opposition to veteran members: "If Mr. Kajiyama holds the initiative in managing the administration, this will be a complete revival of the former Takeshita faction (former Obuchi faction)."

Kato has the following motive: now that Hashimoto has won the post of prime minister, Kato in his capacity as secretary general has been forced to aware of his position as the "post-Hashimoto person" and he cannot allow Kajiyama to take the leadership.

Kato said in a 15 January speech: "There is no need to worry about a clash between the party leadership and the Hashimoto cabinet."

However, a senior LDP member expressed concern: "Who will actually take the initiative in the political situation, the party leadership, including Mr. Kato, or Mr. Kajiyama? If a slip is made, this may possibly become a intraparty struggle within the LDP that will destabilize the administration."

Japan: Kubo's Debut as MOF Head 'Scheme' Against NFP

OW2501065996 Tokyo SHUKAN DAIYAMONDO in Japanese 27 Jan 96 p 19

[Unattributed article: "Superb Points of and Anxieties Over Appointment of Kubo as Finance Minister, Which is Considered To Be a Strategy Against the New Frontier Party [NFP] Devised by Former Prime Minister Takeshita"]

[FBIS Translated Text] For career Ministry of Finance [MOF] officials, the most terrible things happened at last year's end and on New Year's day. At the end of last year, Administrative Vice Finance Minister Kyosuke Shinozawa resigned. At the beginning of the new year, Finance Minister Masayoshi Takemura "escaped" from the ministry, which was followed by the unexpected debut of Wataru Kubo as new finance minister. After seeing a list of new cabinet lineups on television, a senior MOF official said disappointedly: "To tell the truth, I could not believe it at first. Why did they have to name Kubo new finance minister? He is the proponent of a bill to abolish the consumption tax."

A young promising official in the MOF's Financial Bureau said: "This makes Mr. Shinozawa's resignation pointless." A mid-rank official in the Budget Bureau complained: "I am disappointed because I hoped a big figure in the Liberal Democratic Party would become new finance minister and use his strong clout for the MOF's rehabilitation." All MOF officials appear to be stunned by the appointment of Kubo as finance minister.

However, the government made this appointment with a certain objective. According to officials concerned, Former Prime Minister Noboru Takeshita proposed assigning Kubo to the finance minister's post. He made the proposal, thinking the government needed to put a "big shot" in the post who could handle Diet interpellations and who had no relations with housing loan companies [jusen] because the new finance minister is expected to face attacks by the opposition NFP over the issue of liquidating the failed housing loan firms. A government source points out an additional advantage to this appointment, saying: "If Kubo is contained in the cabinet, a leftist group in the Social Democratic Party [SDP], which is close to Takeshita, will take the initiative in promoting a SDP plan to form a new party."

At the ordinary Diet session, the NFP is expected to argue that Prime Minister Ryutaro Hashimoto should be held responsible because he created a loophole in the government's regulations on financing to real estate developers when he was finance minister. The party will also hold former Finance Minister Yoshiro Hayashi responsible for working out a very poor second financial sector reconstruction plan. However, a person who became finance minister after Hashimoto and before Hayashi is Tsutomu Hata, a NFP leader. Moreover, former NFP head Toshiki Kaifu was prime minister when Hashimoto served as finance minister. This indicates that the NFP is also somewhat responsible for the jusen issue.

If the government makes use of Kubo's "clean image" while being mindful of this NFP's weak point, it will be able to weaken the NFP's attacks.

In this case, the NFP may change the target for its attack to the MOF's secretariat. But the MOF considers it possible to avert the attack if it claims that Administrative Vice Finance Minister Shinozawa resigned at the end of last year to take the blame for the MOF for financial scandals. If it carries out a regular personnel reshuffle immediately after the passage of FY96 budget bills and dismisses Banking Bureau Chief

Yoshimasa Nishimura in the reshuffle, it will certainly be able to divert the NFP's attacks.

Seeing the appointment of Kubo as finance minister with the government's logic, one would say this is "superb positioning." But for MOF bureaucrats who have lost their pride and have been completely exhausted, the appointment is nothing more than a harsh punishment, according to a mid-rank MOF official.

Although Kubo is not responsible for the failure of the housing loan companies, it is unthinkable that the government's plan to liquidate the lending firms' use of public funds will be carried out smoothly. Meanwhile, it is possible that Kubo's clean image, which is his "selling point," may turn out to be disadvantageous when it comes to a showdown.

A reporter in charge of the MOF said: "Because Kubo is not involved in any scandals, he may get out of the scheme against the NFP. This is what senior MOF officials are afraid of most. If more financial scandals are revealed one after another amid a storm of criticism of the MOF, Kubo would not hesitate to change his course. If he steps down, MOF bureaucrats will be placed in a difficult situation. Some may be forced to resign just like Shinozawa."

It is likely that MOF bureaucrats will continue to be in a depressed mood.

Japan: SDP, Sakigake Leaders Meet; Merger Not Discussed

OW2401151196 Tokyo KYODO in English
1501 GMT 24 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — The Social Democratic Party (SDP) and New Party Sakigake [Harbinger], the two smaller partners in the ruling coalition, held the first meeting of senior leaders on Wednesday [24 January] to discuss policies, but failed to take up the issue of a possible future merger.

The failure to discuss how to merge the two parties stemmed from Sakigake's concerns that talks between only themselves would be unlikely to bring together broader political forces as the party wishes, coalition officials said.

Neither SDP head and former Prime Minister Tomiichi Murayama nor Sakigake chief Masayoshi Takemura attended the meeting on policies held among other senior leaders, including SDP Secretary General Kanju Sato and Sakigake Secretary General Yukio Hatoyama.

Murayama and Takemura have been instrumental in moves to merge the two parties into a new "liberal" party to compete against the dominant ruling partner, the Liberal Democratic Party, and the main opposition Shinshinto (New Frontier Party).

Both sides have agreed on some points, however, including supporting the government's plan to use public funds to liquidate debt-ridden seven housing loan firms, and clarifying a policy to scale down the U.S. military presence in Okinawa before president Bill Clinton's visit to Japan in April.

Japan: Hashimoto's Gag Order 'Promptly Broken'

OW1101171096 Tokyo KYODO in English
1654 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO — One of Ryutaro Hashimoto's first tasks as prime minister Thursday [11 December] was to impose a gag order on cabinet members not to reveal the contents of their remarks at cabinet sessions.

Alas, the gag order was promptly broken shortly after Hashimoto held his cabinet's inaugural session.

Several ministers told reporters after the cabinet meeting that Hashimoto had imposed the gag order, which political pundits said was intended to prevent a repeat of controversial remarks by ministers about Japan's military actions before and during World War II.

Japan: Domestic Auto Production Declining

OW2501085696 Tokyo KYODO in English
0801 GMT 25 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO — Japan's domestic production of vehicles dropped in 1995 by 3.4 percent from the previous year, registering five consecutive yearly falls for the first time in the postwar period, an industry association said Thursday [25 January].

The Japan automobile manufacturers association said the 1995 output of cars, trucks and buses during the year totaled 10,197,421.

Compared with the 1990 peak of output, the 1995 figure represents a plunge of 24 percent, or 3.29 million vehicles fewer — equivalent to the annual production of the nation's largest automaker Toyota Motor Corp.

The association attributed the decline to the fact that Japanese carmakers continued to shift their production to overseas and that exports from Japan were undermined by the strength of the yen against the U.S. dollar.

Masami Iwasaki, head of the association, said, "the domestic automobile production in 1996 will remain at the level of 1995 at best, or it could further slip because production shift to overseas will accelerate."

Of the annual output, passenger cars accounted for 7,612,412, down 2.4 percent and declining for the fifth year running.

Output of trucks fell 6.1 percent to 2,537,743, a turnaround from a rise in the previous year, while production of buses slipped 3.8 percent to 47,266.

By manufacturer, Toyota's domestic output dwindled 9.6 percent to the lowest level since 1982, and that of Mazda motor corp. plunged 21.7 percent due to declining exports to the U.S. and Europe.

Output by Honda motor co. slipped 2.9 percent. But production rose at Nissan motor co. By 10 percent, at Suzuki motor corp. by 10.9 percent and at Mitsubishi motors corp. by 1.6 percent.

Japan's vehicle exports during the year totaled some 3.79 million, down 15 percent from the previous year for the 10th straight year of declines.

In December alone, domestic vehicle production fell 10.4 percent to 773,473, down from the year-earlier level for the seventh consecutive month.

Passenger car output in December shrank 7.9 percent to 587,936, also down for the seventh straight month.

Production of trucks plunged 18.2 percent to 180,907, also down for the seventh straight month.

In contrast, output of buses in December rose for the second month in a row — by 24.2 percent to 4,630, the association said.

North Korea

DPRK: U.S.-Japan Joint Military Exercises Denounced

SK2501040196 Pyongyang KCNA in English 0350 GMT 25 Jan 96

["The U.S. Warmongers Advised To Ponder on Possible Consequences of Their Act " — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA) — The newspaper MINJU CHOSON today says the bellicose elements of the U.S. military have rendered the situation of the Korean peninsula and its vicinity extremely strained under the pretext of the non-existent "threat" from the Democratic People's Republic of Korea.

A joint military exercise codenamed Keen Edge 96 is now under way in Japan involving Japan's "Self-Defense Forces," the U.S. ground, Naval and Air Forces Commands present in Japan, Okinawa-based U.S. 3rd Marine Corps, the U.S. 1st Army Corps from the U.S. mainland and many other troops, the paper says in a commentary, adding:

It transpires that the bellicose elements of the United States have invariably sought to stifle the DPRK. It is also hampering a smooth implementation of the DPRK-U.S. framework agreement.

We cannot remain an onlooker to the persistent anti-DPRK military moves of the U.S.

Our people and Army regard the dignity and sovereignty of the country as their flesh and blood and never allow others to toy with them.

The U.S. warmongers must have a correct understanding of our people and Army. The United States will have to hold itself accountable for possible consequences of its reckless military moves against the DPRK.

The U.S. would be well advised to know well of its opponent and think twice before taking action. It will be good for the U.S., too.

DPRK: Commentary Deplores ROK 'Warlike Preparations'

SK2501090296 Pyongyang KCNA in English 0837 GMT 25 Jan 96

["MINJU CHOSON on S. Korea's Arms Buildup" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA) — The puppet Defense Ministry of South Korea announced on January 22 that the eighth antisubmarine patrol plane P-3C was brought into South Korea from the United States. On the same day, the puppet defense minister issued "Minister's Written Order No. 8" calling for increased combat power of the puppet army through "establishment of military discipline" and "development of commanding method."

In a commentary the newspaper MINJU CHOSON today says the fact shows what crazy warmongers the Kim Yong-sam group are and what stage their war preparations have reached.

The paper further says:

The puppets' announcement that they have brought in all of eight antisubmarine patrol planes and the released "written order" mirror the ruling crisis in South Korea and indicate that if the situation is further deteriorated, they will ignite a war against the North.

Confrontation and warlike preparations, however, cannot be a way out for the puppets. They will only precipitate their ruin.

We are closely watching the Kim Yong-sam group's sabre-rattling and will never tolerate any provocation.

They must not try to seek a way out in adventurous military moves but step down at once as demanded by the South Korean people.

DPRK: ROK Condemned for Obstructing Aid to North

SK2501101896 Pyongyang KCNA in English 1014 GMT 25 Jan 96

["Anti-National, Anti-Ethical Crimes of S. Korean Puppets" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA) — The South Korean puppets are these days resorting to vicious moves to keep other countries from rendering humanitarian assistance to the DPRK, alleging that "the North intends to build up its national power with international assistance for the flood damage" and "such a pretext as flood damage is needed for the North to solve the shortage of food caused by its irrational socio-economic system."

This ill-intentioned move of the puppets is designed to do harm to the dignity of the DPRK. It is an intolerable act of throwing a wet blanket over mutual understanding, cooperation and confidence-building among nations and of slinging mud at the international humanitarian aid.

As noble humanitarian assistance of other nations to the DPRK increased, the South Korean puppets spread a rumour about "exaggerated amount of flood damage" and, not content with this, they invented "military threats from the North" and "crisis of the North."

This time, they slandered again the humanitarian assistance from other countries by means of vilifying the socialist system and economic policy of the North.

However, the puppets cannot attain their ulterior political purpose under any circumstances. It is because the puppets themselves confessed more than once that the political stability of the North's society is solid and the potentials of the independent national economy of the North are powerful although it suffered huge losses from floods.

Judging from the behaviour of the puppets in vilifying the invincibility of the socialist system of our style and the might of its independent national economy, it is certain that they are out of all reason owing to their serious crisis and that they feel a high sense of mental pressure at the fact that the North's international prestige is rising.

No matter how desperately the South Korean puppets may defame the socialist system and the economic policy of the North in a bid to save their face, get rid of their complete isolation and block the humanitarian aid, it is nothing but a last-ditch effort of those who are doomed to ruin.

The anti-national, anti-ethical crimes of the Kim Yong-sam group will certainly face a stern judgement by history and the nation.

DPRK: ROK Denounced for Arrest of Pomminnyon Members

SK2501041096 Pyongyang KCNA in English 0333 GMT 25 Jan 96

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA) — The American headquarters of the National Alliance for the Country's Reunification (Pomminnyon) in a statement January 16 denounced the Kim Yong-sam group for arresting the hardcore members of the South side headquarters of Pomminnyon on the charge of violating the "National Security Law."

"The Kim Yong-sam group arrested and put behind bars the hardcore members of the South side headquarters of Pomminnyon all at once," the statement said, and noted: "If it pursues 'security-oriented' politics against the people under this pretext to make preparations for 'general election,' it will be brought to a trial by history and the nation."

"The American headquarters of Pomminnyon strongly demands that the Kim Yong-sam 'regime' stop its brutal crackdown on the national democratic forces, set free the illegally arrested members of Pomminnyon and immediately repeal the 'National Security Law,' an evil law ever in history that alienates and splits the nation," the statement added.

DPRK: Kim Yong-sam Accused as 'Kingpin of Thieves'

SK2501041696 Pyongyang KCNA in English 0341 GMT 25 Jan 96

["Heinous Criminal" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA) — NODONG SINMUN today accuses the traitor Kim Yong-sam of employing every crafty means to conceal his true colors as the kingpin of thieves.

Kim Yong-sam insists that he received no money from No Tae-u, the former military dictator.

Kim Yong-sam spent 300 billion won in mobilizing four million people involved in "official organisations" such as the "central, provincial, city and district committees of the Democratic Liberal Party" in the "election campaign."

This was revealed by the testimony of Kim Yong-ku, former "chief of the election campaign headquarters of the Democratic Liberal Party" and "minister of political affairs" who personally handled the "campaign fund of official organisations."

If he is supposed to have spent another 300 billion won for activities of "private organisations," his campaign fund would be no less than 600 billion won.

The news analyst says:

The "presidential election law" of South Korea stipulates that the maximum campaign fund shall be no more than 36.7 billion won; that if the fund is more than 0.005 percent above the limit, the accountant and the "presidential candidate" shall be sentenced to less than five years of imprisonment or less than 20 million won of fine; and that if the "campaign office chief" or others are sentenced to imprisonment on this charge, the election returns of the "candidate" shall be declared null and void.

This shows that Kim Yong-sam's "election as president" is totally null and void and that he is a heinous criminal who should serve prison terms for life for his wanton violation of the "election law."

His theft in conspiracy with the traitor No Tae-u is a grave crime. But, it is a graver crime that Kim Yong-sam is mocking the people with futile attempts to conceal his true colors as the kingpin of thieves.

DPRK: Spokesman Reiterates Support for All Arab People

SK2501040696 Pyongyang KCNA in English
0353 GMT 25 Jan 96

["Spokesman for DPRK Foreign Ministry on Recent General Election in Palestine" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA) — The spokesman for the Foreign Ministry of the Democratic People's Republic of Korea today gave the following answer to the question put by KCNA on the recent general election in Palestine:

General election, the first of its kind in the history of Palestine, took place with success in the self-rule areas. This is considered to be an important event in the struggle of the Palestinian people for freedom and independence.

We hope that the recent election will be a foundation for the restoration of the legitimate national rights of the Palestinian people, including the right to found an independent state with Kuds as the capital, and for complete sovereignty.

For a fair and package solution to the Mid-east problem it is necessary for Israel to withdraw from the Golan Heights of Syria and southern Lebanon.

The Korean people will as ever stand on the side of all the Arab peoples, including the Palestinian people.

DPRK: Kim Chong-il Sends Birthday Tables to Doctor, KPA Units

SK2501044196 Pyongyang KCNA in English
0336 GMT 25 Jan 96

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA) — The great leader Comrade Kim Chong-il sent a benevolent seventieth birthday table to Dr. Choe Kun-pan, winner of Kim Il-song Prize and People's Doctor, who is a section chief of the Central Hospital No. 11 of the Korean People's Army [KPA].

Choe Kun-pan, an Army surgeon, has recovered a large number of patients including wounded soldiers since the fatherland liberation war (1950-1953), reared many able Army surgeons and associate doctors, wrote valuable medical theses and invented and introduced useful medical apparatuses, thus greatly contributing to developing field surgical techniques and strengthening the combatant power of the People's Army.

The great leader President Kim Il-song in his lifetime highly appreciated his devoted contributions to military medical development as a model in the field of military medicine.

Comrade Kim Chong-il also sent benevolent sixtieth birthday tables to An Sang-hop at the Hwang Sok-kyun unit of the KPA, Paek Kun-ik at the hospital of the Yi Kwang-kyu unit, Paek Man-won at the Yu Man-yong unit, Kim Chang-hwan at the Kim Chong-nam unit and Yun Son-sil, a woman political officer of the KPA, and a seventieth birthday table to Kim Yong-su at the Yi Chol-ho unit, who performed meritorious deeds while serving long in the People's Army.

South Korea

ROK-U.S.-Japan Conflict Over EU KEDO Membership Viewed

SK1501152296 Seoul CHUNGANG ILBO in Korean
15 Jan 96 p 6

[Report by Choe Won-ki]

[FBIS Translated Text] Stephen Warren Bosworth, executive director of the Korean Peninsula Energy Development Organization [KEDO], who arrived in Seoul on 14 January, will bring two issues for discussion. One is the schedule for the supply of light-water reactors to

North Korea, including an agreement on details, and the other is the share of the cost of light-water reactors as well as EU membership on the Korean Peninsula Energy Development Organization [KEDO] Executive Board.

First, there are no big differences of opinion between the ROK, the United States, and Japan on concluding an agreement on the detailed schedule for supplying reactors. What matters is EU membership on the KEDO Executive Board. In November 1995 the EU abruptly expressed its willingness to "participate in KEDO as a member of its Executive Board." Washington welcomed this while the ROK and Japan did not.

The United States believes that the EU's participation on the KEDO Executive Board will solve problems related to the cost of heavy oil. The United States is supposed to provide North Korea with 500,000 tonnes of heavy oil, costing $50 million, this year. However, the United States has secured only $19 million for this and is thus $31 million short. The EU proposed that it would donate about $20 million under the condition that it become a KEDO Executive Board member. This is certainly good news to the United States. However, the ROK and Japan are displeased with this; they say the EU's act is like "sitting down to eat without cooking."

That is, the ROK and Japan believe the EU's participation in KEDO is preparatory work for winning orders in the construction of atomic power plants worth as much as $4 billion, rather than an expression of its intent to participate in resolving the North Korean nuclear issue.

U.S. Complaint Over ROK Quarantine Procedures Noted

SK1201042296 Seoul THE KOREA TIMES in English 12 Jan 96 p 8

[FBIS Transcribed Text] The United States is calling on Korea to improve the quarantine process of U.S. agricultural products.

It is complaining that Korea's clearance procedures are too complicated, time consuming, hampering bilateral trade in this regard, according to the Ministry of Agriculture, Forestry and Fisheries yesterday.

The Clinton administration filed a suit with the World Trade Organization concerning shelf life of imported food from the United States and quarantine and other clearance procedures last year.

The U.S. withdrew its shelf life suit in accordance with a bilateral agreement between the two countries. But it is still maintaining hardline stances on the quarantine and clearance problems.

The two nations failed to reach an agreement in this regard due to a wide range of difference in opinions although they met twice in Washington last December.

The United States has proposed to meet again over the matter, and the meeting will likely take place sooner or later, according to a ministry official.

"The United States has protested over the 'lengthy' clearance procedures for agricultural products. For example, it said that fresh fruits will lose their freshness due to the complicated quarantine system," said the official.

Seoul City Hall Asked To Move to U.S. Army Base Site

SK1301030796 Seoul THE KOREA TIMES in English 13 Jan 96 p 3

[FBIS Transcribed Text] The Yongsan Ward Office yesterday requested Seoul City Hall to move to the site now used by the Eighth U.S. Army next to the War Memorial in Yongsan, when it becomes vacant. The request was made by Sol Song-ung, chief of the ward office, to Seoul Mayor Cho Sun, who was visiting the ward office.

Sol recommended that the city government build a new complex on the 50,000-pyong (one pyong is 3.3 square meters) site next to the War Memorial. Sol made the plea to the mayor, reminding him that Yongsan is geographically at the heart of Seoul, noting that Mt. Namsan stands to the north and the Han River to the south.

The ward office thinks that there will be little difficulty constructing a new City Hall there as soon as the U.S. military base moves out, since there are not many important buildings except for a restaurant.

According to the ward office, the district will be a center where Seoulites can easily gather due to its convenient location. Subway Lines 1, 4, and 6 are pass nearby, and main streets, including Hangang and Panpo, pass the site.

ROK: U.S. Director Denies Secret DPRK Military Contacts

SK2501075496 Seoul YONHAP in English 0737 GMT 25 Jan 96

[FBIS Transcribed Text] Washington, Jan. 24 (YONHAP) — Recent rumors reported by the SISA JOURNAL about secret military contacts between the United States and North Korea are "absolutely untrue and categorically false," Stanley Roth, director of research and studies at the U.S. Institute of Peace said Wednesday.

"We have insisted that if we are to proceed with general officer level talks with the North Koreans — which is something they want very much — there have to be ROK (South Korea) representatives at the table," he said, "not sitting in the back of the room or observing the proceedings, but at the table.

In an interview with YONHAP NEWS AGENCY, he said the United States has insisted on the full participation of South Korean military representatives, a demand the North has rejected. Calling Washington "rigorous" in its implementation of any actions regarding its relations with Pyongyang, Roth stressed that his nation will not exclude Seoul when dealing with the communist nation.

On recent reports of U.S. prisoners of war (POW) still living in North Korea, Roth maintained that there is no evidence that such persons exist. He stressed that the ex-soldiers recently identified in a North Korean movie are not POWs but defectors.

Washington and Seoul agreed to make the issue of POWs and soldiers missing in action a humanitarian issue and not a military matter, so that the issue would not be perceived as a direct channel between the U.S. and North Korea, he said. He expressed dismay about the recent speculations made about the POW issue by the South Korean press.

What Roth described as an emerging humanitarian crisis in the North suggests the possibility of malnutrition and possibly starvation.

"Ultimately, it will not be popular in South Korea to watch starvation occur among their brothers to [as received] the North. People will want to help."

With South Korea refusing to give additional aid to the North unless its distribution is verified, Roth said such confirmation could be made by nongovernmental organizations. He noted that the validation procedures have already been established for fuel oil shipments from the United States to the North as part of the agreed framework.

"There is no specific understanding regarding the opening of liaison offices," the director said, adding that such avenues of communication would be in the interests of both Washington and Seoul.

Roth said he is surprised that the establishment of liaison offices between the United States and North Korea has not moved faster, describing as odd North Korea's failure to pursue the opening of such offices.

"Perhaps they (North Koreans) miscalculated that they would get closer relations (with the U.S.) than they have following the conclusion of the agreed framework," Roth said.

"It is a mistake to assume that if U.S.-DPRK relations improve, then U.S.-ROK relations will deteriorate," he added.

He noted that there is no routine mechanism for communication between the Military Armistice Commission (MAC) and Pyongyang, including no regularly scheduled meetings between MAC and North Korea. Therefore, he said, in the event of an accident near the Demilitarized Zone, the potential for a crisis that could escalate into a military conflict is very great.

On ways to improve inter-Korean dialogue, Roth stressed the importance of "not losing track of the big picture" — the achievement of peace and stability on the Korean peninsula and eventual reunification.

"In over 20 years of proposals for talks between North and South, there is nothing that says that one level is better," he said.

He noted some encouraging signs of improvement in inter-Korean relations, such as the North's return of the South Korean ship Woosung 86 and Pyongyang's cooperation thus far on its nuclear freeze and with the light-water reactor project.

Roth also dismissed the notion that his country is opposed to Korean reunification.

"Our interest is in seeing a fundamental solution adopted that will lead to the end of tensions and a reunified, peaceful Korean peninsula," he remarked. He added, however, that reunification is an issue that both Koreas should decide alone.

U.S. Private Groups Send Relief Funds to DPRK

SK1301054496 Seoul CHUNGANG ILBO in Korean 13 Jan 96 p 2

[Report by Choe Won-ki]

[FBIS Translated Text] It has been learned that the United States donated 1,000 tonnes of wheat and $712,000 (approximately 550 million won) in cash to North Korea through private organizations.

In a telephone interview by CHUNGANG ILBO early on the morning of 12 January, Tom Baker, director of the U.S. Red Cross International Affairs Bureau, said: "My understanding is that private U.S. organizations have provided North Korea with a total of $712,000 in donations and materials up to now, following the October 1995 request by the North Korean Mission in New York."

In particular, World Vision has reportedly sent 1,000 tonnes of wheat to North Korea via Hong Kong in November 1995. It is the first time the United States has provided grain to North Korea on a humanitarian level since January 1994.

Private organizations in the United States that are participating in the relief work for North Korea are World Vision ($700,000 cash, 1,000 tonnes of wheat, and noodle machines), the U.S. Red Cross ($7,000), and the U.S. Catholic Association ($5,000).

Director Baker said these organizations would provide additional aid to North Korea once a correct assessment of North Korean food problems is made. Meanwhile, the U.S. Government provided North Korea, which is suffering damages from floods that hit in July and August 1995, with two installments of a total of $225,000 in relief funds.

ROK: U.S. Discusses DPRK 'Unstable' Military Situation

SK2501060896 Seoul CHUNGANG ILBO in Korean 25 Jan 96 p 2

[FBIS Translated Text] It has been learned that the White House has officially set out to discuss possible unrest in the North Korean system and North Korea's unstable military situation that may be caused by the aggravating food shortages and has decided to provide food aid to North Korea.

The White House held an emergency meeting on the North Korean situation on 18 January. The meeting was presided over by Anthony Lake, assistant to the president for national security affairs, and was attended by officials from the National Security Council and specialists from outside. The meeting discussed in depth ways to protect U.S. interests from the worst situation that may come as a result of the flood damages in North Korea. This was revealed on 24 January by a participant in this meeting who asked not to be identified.

At this meeting, the White House concluded a policy to provide North Korea with humanitarian relief, which is to be used only for the flood damages, and tentatively decided to indirectly assist North Korea by donating millions of dollars out of the U.S. Agency for International Development (USAID) fund to the UN World Food Program.

The United States, which has virtually decided to provide government-level aid to North Korea, will make a final decision on this matter after further discussions at the ROK-U.S.-Japan high- level policy meeting, which began in Hawaii on 24 January, and during presidential aide Lake's visit to the ROK, which is slated for late January.

ROK Dailies View ROK, U.S., Japan Positions on DPRK Aid

SK2501133796

[FBIS Report] The following is a compilation of editorials in ROK vernacular dailies on 25 January on ongoing ROK-U.S.-Japan high- level talks in Hawaii on North Korea policy.

The moderate CHUNGANG ILBO carries on page 4 a 700-word editorial titled "Policy on Rice Aid to North Korea Should Not Go Amiss This Time." Pointing to the "considerable gap" between the ROK and U.S. positions on food aid to North Korea, which appeared even before the ROK-U.S.-Japan high-level policy meeting began in Hawaii, the editorial says: "Frankly speaking, we are somewhat embarrassed at the rapid change in the attitude of the U.S. Government, which had previously held the same view as the ROK on North Korea's food situation and showed a negative attitude toward the provision of assistance to North Korea." The editorial continues: "In particular, what embarrasses us all the more is that the changed U.S. policy is expected to be linked to the Clinton administration's election strategy to demonstrate its diplomatic achievements. Some analysts say the U.S. policy is a sort of repayment to North Korea for signing a contract with the Korean Peninsula Energy Development Organization [KEDO], which will enable the United States to realize its policy to freeze North Korea's nuclear development program." The editorial stresses that this issue "does not concern only U.S. domestic politics and their interests," but "directly concerns security on the Korean Peninsula." Noting that "the ROK is the only country that can fundamentally help North Korea solve its food problems," the editorial emphasizes that the ROK "should take the lead" in providing food aid to North Korea.

The left-leaning HANGYORE SINMUN carries on page 3 an 800-word editorial titled "Open-Minded Attitude Is Needed in North Korean Policy." While noting differences of opinion between the three countries over the rice aid issue, the editorial says: "It appears that the United States has lifted its blockade policy against North Korea" and is showing its intention of providing grain to North Korea. It also says Japan "has not yet made a decision on additional rice aid to North Korea but will certainly assume a positive attitude toward aid because Japan wishes to establish diplomatic ties with North Korea." The editorial then regrets that "under these circumstances, only the ROK Government feels reluctant to offer food aid to North Korea." While agreeing to the government's position that North Korea should abandon its "habit of slandering South Korea," the editorial stresses that the government, however, "should not mention such a position of its own in an international meeting, in front of others who are willing to help the North Korean compatriots." The editorial concludes by urging the government to "assume an open-minded attitude worthy of the haves."

The moderate MUNHWA ILBO carries on page 7 an 800-word editorial titled "North Korean Attitude Should Change First." The editorial criticizes the White House for "lending a hand" with the U.S. position that "emphasizes the need to provide food aid to North Korea," saying this "is observed to have a connection with the U.S. presidential election" slated for November. The editorial also notes the ROK Government's position that the government's food aid to North Korea "presupposes the correct comprehension of the North Korean food situation and the North Korean authorities' official request" and says this position is also connected to the forthcoming general elections. Noting the dispute over the cost of heavy oil to be provided to North Korea, the editorial describes "U.S. moves to force the ROK, Japan, and EU to share the cost" as a "violation of the Geneva agreement" and as an "act unbefitting a superpower that is obliged to properly guide the international nonproliferation of nuclear weapons." The editorial urges North Korea to "abandon its attitude of keeping away from South Korea and to practically cope with all pending issues with a daring attitude." It also urges the United States and Japan to "help us make North Korea become a responsible member of the international community, disregarding its own interests."

ROK: U.S. ABC Covering Flood Damage in DPRK

SK2501095196 Seoul YONHAP in English
0927 GMT 25 Jan 96

[FBIS Transcribed Text] Honolulu, Jan. 25 (YONHAP) — North Korea has recently allowed American Broadcasting Company (ABC) to cover the flood damage across the communist nation, a diplomatic source here said Thursday.

A final decision on the matter from the authorities concerned is pending, the source said, adding that he understands that it will come sooner or later.

He said that negotiations have been underway between Vice Chairman Yi Chong-hyok of the Korean Asia-Pacific Peace Committee and the American network's Beijing bureau.

"ABC will make two programs on the natural disaster in the North," he said.

He said that Pyongyang has allowed ABC to cover virtually all areas in the North except for certain sensitive areas.

The source interpreted the North's such move as a special treatment taken in consideration of the network's exclusive rights to cover the 1996 Atlanta Olympics.

The American network seems to have promised to financially assist the North with its participation in the Olympics, he said.

ROK: 'Serious Frictions' in DPRK Policymaking Process

SK2501113396 Seoul YONHAP in English
1022 GMT 25 Jan 96

[FBIS Transcribed Text] Honolulu, Jan. 25 (YONHAP) — Serious frictions seem to exist between the North's Foreign Ministry and military authorities in the process of foreign policy decision making, it was learned here Thursday.

South Korean Deputy Foreign Minister Pan Ki-mun, now here attending a tripartite policy consultative meeting among South Korea, U.S. and Japan, said U.S. Assistant Secretary of State Winston Lord spoke of the discords.

Ban said Lord recalled that in the recent U.S.-North Korea talks on the repatriation of the remains of American soldiers killed during the Korean war, North Korea went along smoothly before they broke up the meeting all of a sudden in the final phase.

During Thursday's Korea-U.S. meeting held prior to Friday's three-party talks, Deputy Minister Ban delivered to U.S. officials a report on the North's food situation prepared by his government.

"Presentation of the report was meant to stress that there should be a correct assessment of North Korea's food situation before any food is furnished to North Korea," a South Korean diplomatic source said.

He said the South can understand the U.S.'s financial contribution to an international organization for food assistance to Pyongyang from a humanitarian ground.

"But, we cannot tolerate it if Washington promotes the provision of a large amount of food to North Korea without any consultation with Seoul," the source said.

Also at the meeting, U.S. officials raised the issue of European Community's possible entry into the KEDO Executive Board but the South Korean delegation opposed it, the source said.

Defectors to ROK Interviewed on DPRK Situation

SK2501131896 Seoul KBS-1 Television Network in Korean 0203 GMT 25 Jan 96

[Joint news conference with Yi Sun-ok and her son, Choe Tong- chol, and Choe Kwang-hyok, former staff sergeant of the North Korean People's Army, who defected to the ROK in December 1995, at the Press Center in Seoul on 25 January — recorded]

[FBIS Summary] In the 57-minute joint news conference, the three defectors begin by providing brief personal histories and then respond to questions from reporters.

When KBS reporter Kim Yong-tok asks Yi Sun-ok about the motive for her defection, she says that to save her only son from being expelled from Kim Il-song University, she admitted to trumped-up charges against her by a military security official and then was sentenced to 13 years in prison in 1987. When she was freed in 1992, she found that her husband had lost his job and her son had been expelled from Kim Il-song University; and because of this, she felt betrayed by the party and decided to defect to the ROK to let her son live in a free society.

When KBS reporter An Yong-hwan asks Choe Tong-chol about the status of North Korean concentration camps, he says that when he was working at a guard unit of the State Political Security Department in 1983-1986, there were 11 concentration camps in North Korea and there were approximately 200,000 political prisoners there.

When SEOUL SINMUN reporter Kim Kyong-ung asks Choe Tong-chol about North Korea's opium farming, he says North Korea has two state-run opium farms in North Hamgyong Province and secretly sells opium to smugglers from Japan and Hong Kong on the high seas or to Korean-Chinese traders.

When KBS reporter An Yong-hwan asks Choe Kwang-hyok about the North Korean food situation, he replies that North Korea does not mention the rice supplied by South Korea and that he heard transportation workers, battalion warehouse officers, and division commanders whispering among themselves that the rice came from South Korea through a third country. He then describes the serious food situation in North Korea, saying: "North Korean people say if this situation continues for a few months, riots may erupt or any change could take place."

When KBS reporter Kim Hyong-tok asks Choe Kwang-hyok about the morale of North Korean soldiers and the food situation in the Army, he says: "The morale of the enlisted men is very low due to the shortages of food and supplies." He also says that a soldier receives around 600 grams of grain, less than the required 800 grams, due to embezzlement by officers.

He also says soldiers question how North Korea will be able to defeat South Korea, which receives U.S. assistance, if a war breaks out and describes the beefed-up training and North Korea's call for the good management of tunnels and weapons in November. Then he says: "The enlisted men think that they may die one way or the other. Therefore, they think of waging a war and ask themselves what will happen to their lives if they are engaged in a war and build a new society." He also says that as for the grain supply in the military, nothing has changed since Kim Il-song died.

When Seoul Broadcasting Service [SBS] reporter Pak Pyong-il asks Yi Sun-ok about the human rights situation, she talks about her life at the Kaechon women's prison in which she says she experienced a miserable life. She says due to the "economic crisis and food shortage from the mid-1980's," the number of women prisoners increased considerably and the facilities there were inadequate to handle the increase.

When an unidentified reporter asks about the gap in living standards between cadres and ordinary residents, Yi Sun-ok says the gap between ordinary residents and cadres is great. She says cadres are distributed various foods including meat, edible oil, and eggs regularly, but ordinary people can eat such foods only on special occasions such as the birthdays of Kim Il-song and Kim Chong-il. Choe Tong-chol continues to talk about this matter, saying acts of irregularities and corruption are increasing with each passing day by cadres due to their difficult life and economic crisis.

When SBS reporter Pak Sang-kil asks what ordinary North Korean people, students, and intellectuals think about the current system, Choe Tong-chol says it is difficult for the people to express their dissatisfaction over the system freely because of the current strong dictatorship. When also asked about the possibility of North Koreans defecting, he says that under the North Korean system circumstances do not favor "collective defections" from North Korea. He notes that before his defection, control over the border was further intensified and checkpoints were increased along the borderline. He believes that "for the time being, it will be very difficult for people to flee on a large-scale."

When Munhwa Broadcasting Corporation [MBC] reporter Yi Yu-tong asks Choe Kwang-hyok about the situation of North Korea's nuclear development, he says: "I have not yet seen nuclear weapons and have not heard about this matter directly. However, I was instructed that there are about 1,000 nuclear weapons, 40,000 U.S. Forces, one million puppet forces, and 10 million local reserve forces in South Korea, and that there are many murderous weapons and weapons threatening world peace. I believed this, and was also recently instructed by commanders that since the United States is providing many of its nuclear weapons and weapons to South Korea, we must take measures. Therefore, to boost their confidence they talked about the option of launching the NODONG No. 1 and TAEDONG No. 1. He also said they talked about remarks by the supreme commander, and that there are nuclear weapons, and so on. He continues to say that they talked about these matters to increase our confidence. And he believes that there are nuclear weapons in the North. He continues to say that "if a nuclear war breaks out everyone will die." He also says he does not know very well about chemical weapons and bacteriological weapons.

When KBS reporter An Yong-hwan asks Choe Tong-chol about qualifications for entering Kim Il-song University, he says Kim Il- song University is the most prestigious university in North Korea and it trains cadres, but their academic capability is very low. He says that to enter the university, one must have a good background and one's grades are supposed to be very high. However, he says that even if grades are not good but one's parents are central party cadres, they can enter the university.

When SBS reporter Yu Won-sik asks about their future lives in the ROK, Choe Tong-chol says South Korean society has developed far more than he had expected. He says he would like to learn much and live a significant life in South Korea.

North Koreans Pose as Chinese To Enter ROK

SK1301055996 Seoul CHUNGANG ILBO in Korean 13 Jan 96 p 23

[Report by correspondent Mun Il-hyon from Beijing]

[FBIS Translated Text] It has been learned that the number of North Korean citizens entering the ROK disguised as Koreans residing in China has drastically increased recently. As such, a high- ranking ROK Embassy official in Beijing pointed out on 12 January that their secret illegal entry may pose a serious threat to national security. According to authorities, including those in the Foreign Ministry, North Koreans who illegally entered the ROK up to now number more than 30, and that this number would drastically increase if it were to include those who have yet to be exposed by the authorities.

Most North Koreans who have illegally entered the ROK are not entitled to Chinese passports because they are North Korean citizens. Therefore, they attempt to apply for visas after gaining counterfeit Chinese passports through brokers.

ROK Justice Ministry Toughens Stance on Stowaways

SK1301030396 Seoul THE KOREA TIMES in English 13 Jan 96 p 3

[FBIS Transcribed Text] The government is getting tougher with stowaways following a recent surge in their number.

The Justice Ministry has decided to arrest all illegal foreign entrants once they are caught instead of just deporting them back to their countries of origin.

The ministry also asked China, from which most of the recent stowaways have come, to jointly crack down on them and the criminal rings that are believed to be shipping them in and finding jobs for them.

The ministry said yesterday that the aim of this get-tough anti- stowaway policy is to make prospective illegal foreign entries think twice before setting out. This follows its decision to tighten lax security at Kimpo International Airport, which stowaways have frequently used to get themselves into Korea.

The relevant law calls for up to three years in prison or fines of up to 10 million won for foreigners who try to enter Korea illegally. But the Korean law enforcement authorities have refrained from penalties as tough as this in consideration of the diplomatic row they might entail.

A prosecutor said, "Previously, it was usual to detain stowaways for a day or so before sending them back to their port of origin. But this has not been strong enough to prevent the recent surge in stowaways heading for Korea."

Under the get-tough policy, prosecutors arrested two ethnic Chinese stowaways who were caught while trying to smuggle themselves in through Kimpo International Airport Tuesday. The two, posing as passengers in transit for Saipan, tried to crawl past an entry inspection counter.

Another Chinese stowaway was arrested last week after trying to smuggle himself in at the airport.

The government has deported An Yong-hyok, 48, an ethnic Korean from China with North Korean nationality, who asked to stay here.

Another ethnic Korean in the same situation is in the process of being deported, it said.

Meanwhile, the Justice Ministry said that it has asked China through the Foreign Ministry for cooperation in tracking down criminal rings in China which recruit prospective stowaways and smuggle them into Korea.

It said that the organizations collaborate with their Korean contacts to get stowaways through their port of arrival and help them settle.

It is suspected that they have secured ways to ensure a safe passage through the airport to allow stowaways in without attracting security personnel's attention.

ROK Decides To Tighten Security at Kimpo Airport

SK1201030296 Seoul THE KOREA TIMES in English 12 Jan 96 p 3

[FBIS Transcribed Text] The government has decided to tighten security at Kimpo International Airport to stem the repeated attempts of Chinese stowaways, mostly ethnic Koreans, to enter the country illegally.

The measure is also aimed at blocking the entry of antisocial elements and smugglers.

Some Chinese have made their way here without even having their passports stamped, casting serious doubts on airport security in an election year and at a time when it is feared that North Korea may be sending infiltrators in via third countries.

Airport security personnel from the Justice Ministry, the Agency for National Security Planning and other relevant organizations agreed in a meeting to beef up security to stop the breaches that have allowed increasing numbers of Chinese stowaways into Korea.

According to an airport spokesman yesterday, it was decided at the meeting that elevators and stairways connecting arrival and departure terminals on the second and third floors of the airport building would be shut down since Chinese stowaways were found to have used them to get in.

In addition, entry inspection counters wher immigration officials sit will be lowered 20 centimeters to 1.3 meters, and will be realigned to face the line of arrivals. Last Sunday, one Chinese was caught crawling past an inspection counter.

To supervise and coordinate security checks throughout the airport, a situation room will be set up with a greater number of closed circuit television cameras in order to keep the entire airport under watch, the spokesman said.

Coupled with this, a foot patrol team will be on the constant lookout for suspected stowaways or local contacts in league with Chinese criminal rings that might be finding jobs for them here in Korea, he said.

On Dec. 17, last year, three Chinese were caught and deported after they had passed through the airport, posing as passengers in transit on a flight from Saipan.

The airport said that about 11 Chinese nationals have attempted to enter Korea illegally and that a number of them have succeeded in doing so and remain at large.

Lending credibility to criticism of lax security at Kimpo was the discovery of one unfired .38 caliber pistol bullet in a departure lounge on the third floor of the airport building Wednesday.

Ten airport security officers were immediately dispatched to the scene upon this discovery. They failed however to apprehend its owner.

This latest occurrence further compounds security concerns at Kimpo and bruises the professional images of the security corps at Kimpo airport.

ROK on Russian Decision To Expel Five North Koreans

SK2501115196 Seoul YONHAP in English 1025 GMT 25 Jan 96

[FBIS Transcribed Text] Moscow, Jan. 25 (YONHAP) — Five North Koreans who were engaged in growing sea kale in the Nakhodka Free Economic Zone are to be expelled from Russia for trespassing into a Russian nuclear submarine base.

The ITAR-TASS News Service reported from Vladivostok Thursday that the five, along with 12 other North Koreans, were caught after they broke into a submarine base.

The North Koreans did not resist the arrest and explained that they were there to collect copper scrap. On intervention of a Russian firm employing them, however, the Russian authorities decided to deport only five of them.

The Russian firm, Primorakvaprom Co., is employing about 100 North Koreans for the cultivation of sea kale for many years.

ROK: Increased Conflicts Within Chongnyon Reported

962C0009A Seoul NAEWOE TONGSIN in Korean 23 Nov 95 No 980, pp B1-B4

[NAEWOE report: "Forced Support of North Korea Hastening Chongnyon's Organizational Collapse"]

[FBIS Translated Text] Seoul, NAEWOE — Conflicts and wrangling are intensifying within the General Association of Korean Residents in Japan ("Chochongnyon") [Chongnyon].

Responsible for Chongnyon's domestic troubles, for the most part, are its overzealous activities to support North Korea and its chronic financial deficits.

In the name of "patriotic programs," Chongnyon have lately been devoting all its resources to economic support of North Korea, and to joint ventures and projects with Pyongyang.

Following the wake of the flood disasters that hit North Korea in last July and August, Chongnyon organized the "Central Relief Committee for the Relief of Flood Victims in the Fatherland" on 31 August; it has since been absorbed in helping North Korea recover from the damage.

Contributions are being collected from members and affiliate groups, while an aggressive campaign is under way to send relief materials, including blankets, clothes, foodstuffs, medicines, and school supplies.

In connection with economic support activities such as joint ventures and projects, Chongnyon held "gatherings of Korean traders and industrialists in Japan" in Tokyo, Osaka and other cities in late August and intensively discussed processing-deal trade and other plans. The "Committee for the Promotion of Joint Ventures," an affiliate group (chairman: Yo Song-kun), was in charge of these gatherings.

Chongnyon also organized a new economic group, the "Korean Junior Chamber of Commerce and Industry in Japan" ("Jaycee" for short), on 6 September.

On the creation of the Jaycee, it said that the purpose was to "bring young Korean businessmen in their twenties and thirties to band together and play their role as leaders of the patriotic movements in an exemplary manner."

Meanwhile, Kim Chong-il has shown great interests in Chongnyon's efforts to promote joint ventures and projects with North Korea.

A 6 September report in the Chongnyon organ CHOSON SINBO quoted him as saying, in a directive issued to Chongnyon, that "Chongnyon should establish work systems with Korean businessmen in Japan in an orderly fashion and work with them—especially with young ones—in an exemplary manner."

Earlier, Chongnyon Chairman Han Tok-su sent a cable to Kim Chong-il on the 47th anniversary of the establishment of the North Korean government (9 September) pledging himself to press on positively to back up Pyongyang economically.

Membership Shrinks from 400,000 to Below 150,000

In the cable, Han vowed to "devote all my power, wisdom, and patriotic ardor to the great cause for further prosperity and development of our country, our fatherland."

To promote joint ventures with North Korea even more aggressively, Chongnyon is working on plans to hold a "joint venture show" in Pyongyang in April next year [1996].

These support-the-North activities have proved to be the main factor fueling dissension and feud within Chongnyon.

A leading Chongnyon official disclosed recently that "because of the overzealous support-Pyongyang programs, more and more members are quitting the organization, and internal discord and wrangling are growing increasingly bitter among its high-ranking officials."

According to related data, the number of those withdrawing their membership has continued to increase uncontrollably since 1990.

In 1992, more than 4,100 members bolted Chongnyon. The number rose to 4,400 in 1993, to 6,200 in 1994, and this year [1995], some 4,500 had left Chongnyon and joined Mindan [Korean Residents Union in Japan] by the end of August.

The continued secessions reduced the Chongnyon membership, which once exceeded 400,000, to below 150,000, according to en estimate as of the end of 1994.

The fact that members are quitting Chongnyon one after another are, reports say, due to its leadership pushing support-the-North programs overzealously, in total disregard of the organization's financial status, and to excessively large contributions levied on members.

Chongnyon operates 38 financial institutions ("Korean Credit Unions in Japan") and 176 commercial enterprises across Japan, with its total assets estimated at 10 trillion yen [Y] (as of the end of 1992).

Especially, its 38 financial institutions were said to hold approximately Y2 trillion 350 billion in total customer deposits.

It was in the latter half of 1992 when things unusual began emerging in the finances of Chongnyon normally known for its astronomically large assets.

In late 1992, Korean Credit Unions, scattered across Japan, began to refuse to honor depositors' request to draw their money.

The reason was that deposits had hit the bottom.

Tens of Billions of Yen Channeled to North Korea

In this respect, Japanese authorities have disclosed that Chongnyon had illegally transferred to North Korea approximately Y80 billion every year since the mid-1980's, and that the total sum would be anywhere between billions of yen and tens of billions of yen.

Chongnyon thus gave away to Pyongyang all the money that Korean merchants and industrialists under its influence had saved by scrimping and splitting pennies.

As this fact came to light, there was great confusion within the Chongnyon leadership and, in particular, among businessmen and members of local chapters, ultimately bringing on an exodus of members from the organization.

The continuing secessions have added to Chongnyon's financial difficulty that had already reached a critical level.

They immediately have led to diminishing deposits in Chongnyon-affiliated financial institutions, a fact making it difficult for Chongnyon to raise operating funds.

For significantly large portions of its operating funds, the organization relies on contributions from members and affiliated traders and industrialists.

A look at its revenue sources indicates, specifically, that membership dues paid by members account for approximately 20 percent of the total revenue, contributions from businessmen 40 percent, income from commercial enterprises 15 percent, and other fund-raising activities and loans 25 percent.

As members broke with the organization in increasing numbers to worsen its financial difficulty, recriminations between two factions within Chongnyon—one led by Yi Chin-ku, first vice chairman, and the other by Ho Chong-man, responsible vice chairman—continued endlessly.

Conflicts between the two factions flared up again at the 17th Chongnyon convention held on 13-15 September in the Korean Cultural Hall in Tokyo.

Chongnyon, in the 3-day convention, heard a Central Committee report on the state of the organization, reelected central guidance organs, and deliberated and approved amendments to its platform and covenant.

The state of the organization report triggered a sharp interfactional confrontation in the course of the subsequent deliberations of issues involving the results of the budget execution, the strengthening of ideological arming for members, and the revision of the platform.

In respect to the platform revision issue, the two factions, reports say, were sharply divided over the question of eliminating such terms as "U.S. imperialist aggressors" and "the lackey puppet clique" meaning the ROK government," and over "the direction of the movements of Chongnyon in response to changes in the situation surrounding it."

It was the first time Chongnyon revised its platform in the 40 years since its founding in 1955.

The new platform, like the old one, consists of eight planks.

As the factional strife and infighting intensified within Chongnyon, North Korea began to stress the need for its solidarity.

In a commentary broadcast on 15 September, Pyongyang declared that "if an overseas compatriots' organization should fail to ensure its own unity and solidarity, it cannot provide leadership for their movements." It then urged Chongnyon to "become a revolutionary organization in which the entire organization, from the center down to the lowest reaches, is firmly united in terms of ideological will, morality and integrity and moves in one and the same mind."

Chongnyon's domestic troubles began when Kim Chong-il created the post of responsible vice chairman within the Central Committee in July 1993, placing Ho Chong-man, a person close to him, in it.

It meant emergence of an unwelcome rival to Yi Chin-kyu, first vice chairman, who had expected himself to be Han Tok-su's successor as Chongnyon chairman.

The power struggle between Responsible Vice Chairman Ho Chong-man and First Vice Chairman Yi Chin-kyu now appears to have died down, superficially at least, since the death of Yi Chin-ku on 21 September at the age of 77.

It seems unlikely, however, that the two factions, which have been at feud in everything all these years will agree to forget the past overnight and take the path to harmony and solidarity just because Yi Chin-kyu has died.

North Korea held a memorial service for the late Yi Chin-kyu at the Cultural Palace of the People in Pyongyang on 25 September, in the presence of Vice President Pak Song-chol and others. Yi's body then was placed in the Patriotic Martyrs Mausoleum in Pyongyang.

ROK: Inter-Korean Freight Reached Record in 1995

*SK1301022496 Seoul YONHAP in English
0156 GMT 13 Jan 96*

[FBIS Transcribed Text] Seoul, Jan. 13 (YONHAP) — Freight transported by ship between South and North Korea totaled a record 682,000 tons last year, thanks to rice and heavy oil shipments, the Korea Maritime and Port Administration [KMPA] said Saturday.

In 1995, South Korea provided North Korea with 150,000 tons of rice and transported 120,000 tons of the heavy oil on behalf of the Korean Peninsula Energy Development Organization (KEDO) and the United States, the KMPA said.

The volume of freight to the North skyrocketed 2,262 percent from 1994 to 307,000 tons while that in the opposite direction increased 88 percent to 375,000 tons.

The volume of the two-way freight stood at 187,000 tons in 1993 when it formally began, and increased to 212,000 tons in 1994.

Mineral products including zinc ingots and ironworks accounted for the largest portion, 193,000 tons of North Korean freight to the South, followed by ironworks with 93,000 tons, textiles and clothes with 17,000 tons, agricultural and fisheries products with 11,000 tons, sundry goods with 3,000 tons and 57,000 tons of miscellaneous goods.

The number of ships which traveling between South and North Korea increased from 150 in 1994 to 300 in 1995, a 100 percent increase.

ROK Abolishes Ceiling on Investing in DPRK

*SK1301145096 Seoul MAEIL KYONGJE SINMUN
in Korean 13 Jan 96 p 2*

[Report by reporter Chong Po-chol]

[FBIS Translated Text] The guidelines that state investment in the North cannot exceed $5 million, guidelines which have been applied since the government announced measures to activate South-North economic cooperation on 8 November 1994, has been abolished. The government applied such measures because of the diversification risks of investment and the excessive competition of investment, and regulated that it must be exemplary economic cooperation centered on light industry.

According to the National Unification Board [NUB] on 12 January, it was learned that late last year, the Hanil Synthetic Fiber Company received approval for South-North economic cooperation, with its investment totaling $5.8 million, and received additional approval to invest $4 million in the spinning field. Thus, Hanil Synthetic Fiber Company can invest a total of $9.8 million in South- North economic cooperation projects. However, it was learned the government has not examined the possibility of alleviating the fields of investment.

Pak Chan-pong, head of NUB's Cooperation Bureau, revealed: "Daewoo, which received approval for cooperative projects for the first time last year, invested $5.12 million. In the case of Hanil Synthetic Fiber Company, it does not exceed $5 million according to each field, but the overall scale of investment was close to $10 million. If businesses request approval for investment exceeding $5 million, we plan to give approval case by case." He hinted the guideline that investment must not exceed $5 million has in reality been abolished. Pak also revealed: "Limiting investment centered on the light industry is still valid."

ROK Decides Not To Help Firms Investing in DPRK

*SK2501144796 Seoul KYONGHYANG SINMUN
in Korean 24 Jan 96 p 2*

[FBIS Translated Text] Considering the present cool relations between the North and South, the government has decided not to use the North-South Cooperation Fund to provide aid nor give loans to companies investing in North Korea.

A relevant government official said on 23 January that "in reality, therefore, the North-South cooperation work cannot but be affected by the political situation between North and South Korea. Unless changes occur in North-South relations, despite the regulations of the North-South Cooperation Fund Law that specifies the provision of funds to companies, the government has decided to suspend providing funds to the companies for the time being." According to this policy, the government has reportedly and recently refused a loan request from companies investing in North Korea.

In addition, the National Unification Board believes that indirect trade via third parties runs counter to the aims of the North-South Exchange and Cooperation Law that specifies that exchange and cooperation between the North and South should be increased. Therefore, the government has decided not to provide funds to the indirect trade sector, regardless of changes in North-South relations.

The North-South Cooperation Fund Law specifies that the government will provide funds to companies up to 90 percent of goods sent to North Korea if they fail to receive money from North Korea, or 90 percent of damage caused by North Korea's delay in sending goods to South Korea, which were requested by the South Korean companies. Also, it specifies that the government will provide loans with interest of five percent a year to companies which want to invest in North Korea, and that it will guarantee the loans.

For the first time in 1991, the government provided a subsidy of 1.2 billion and 60 million won to "Chonji Trade Company" when it failed to receive coal and cement from North Korea after sending 5,000 tones of rice to the North. At that time, the company was dealing with North Korea based on barter trade.

ROK's NUB Issues Reunification Policy Guidelines

SK2501141296 Seoul SEOUL SINMUN in Korean 24 Jan 96 p 6

[Report by reporter Ku Pon-yong]

[FBIS Translated Text] On 23 January the National Unification Board [NUB] announced the three-point guideline for promoting its unification policy. The three-point guideline includes the globalization of debates on reunification to embody the universal value of reunification, enforcement of the policy toward North Korea of paying deep attention both to the North Korean authorities and residents, and the establishment of a detailed plan for reunification by subject area.

That day the NUB announced detailed plans by subject area based on the above three-point guideline. The following is the gist:

1. Inducing North Korea to change its attitude.

a. Improving North-South relations through the provision of light-water reactors to North Korea. Will establish measures for providing technicians and equipment needed for building light-water reactors for North Korea. Will create an atmosphere of trust between the North and South at light-water reactor construction sites in North Korea. Will make efforts to guarantee the personal safety of South Korean technicians at the construction sites. Will promote follow-up negotiations with North Korea to establish detailed plans for implementing agreements on providing communications and traffic between the North and the South.

b. Phased expansion of North-South exchange and cooperation. Will gradually expand civilian-level contacts, exchanges, and trade between the North and the South. Will support tracing the whereabouts of families separated in the North and the South and support the free exchange of their letters and their free union through international organizations and third countries. Will establish measures to support North-South economic cooperation work by increasing funds for North-South cooperation. Government-level support to North Korea will be carried out in a phased manner according to the change in North Korea's attitude.

c. Establishing a "plan for the nation's joint development."

d. Promoting measures for improving the human rights situation in North Korea. Will continue to call attention to the human rights issue in North Korea through the UN Human Rights Commission and other international organizations.

2. Creating international circumstances favorable for reunification.

a. Mapping out follow-up measures to embody the "three principles for building a peace system on the Korean Peninsula."

b. Estabishing various measures against North Korea's moves to incapacitate the existing military armistice system and its offensive to conclude a peace agreement with the United States.

c. Establishing an international cooperation system for the question of reunification on the Korean Peninsula: Will hold "reunification forums" in which both government and civilian delegates from the United States, Japan, Russia, and the PRC participate. Will dispatch the ROK Government "resident officers for reunification" to Germany and other relevant countries.

3. Establishing measures to cope with North-South dialogue in case it is resumed in the future.

a. Readjusting and strengthening the system of operating North-South dialogues and talks. Will readjust and strengthen the system to effectively deal with various forms of North-South dialogue, including government- and civilian-level North-South dialogue, in case they are resumed. Will strengthen education and training for those government officials and civilians who attend various forms of North-South talks in the future.

4. Strengthen the collection of information and intelligence on North Korea.

a. Establish the system of tracing the situation in North Korea and analyzing it. Will establish a network to carry out the joint work of analyzing information and intelligence on North Korea with experts on North Korean affairs in an effort to enhance their accuracy and objectiveness. Will collect information and intelligence on North Korea through various types of international meetings to be held in such countries as the United States, Japan, the PRC, and Russia; and in nonaligned countries. Will strengthen a system of cooperation with various types of civilian organizations, enterprises, and research institutes.

5. Establish measures to cope with possible changes in North Korea.

a. Train and foster experts on reunification affairs. Will select 20 persons from 16 ministries and send them to Germany and 11 other countries to examine, analyze, and study the reunification experience of that country. Will readjust and strengthen various laws related to reunification to cope with possible improvement of North-South relations.

6. Expanding and strengthening national consensus on the reunification question.

a. Strengthening education on reunification among the people. Will fully reflect education on reunification in the curriculums of primary, middle, and high schools and at universities. Will strengthen reunification education at social education organs, including special research institutes. Will actively use mass communications, including the education broadcasting network, to educate people about reunification. Will frequently invite leading foreign figures to the Unification Education Center.

b. Vitalizing public information activities on reunification. Will enhance the effectiveness of public information activities on reunification by effectively utilizing various types of cultural films. Will diversify public information activities on reunification through advertisement and PC communications. Will actively utilize the KBS Radio international service networks and the INTERNET.

7. Establishing detailed plans for reunification policy and strengthening the combined cooperation function in implementing the reunification policy.

a. Coping with the diversification and specialization trend of North-South exchanges and contacts: The NUB will support other ministries in establishing their own policies toward North Korea and will closely coordinate with them.

ROK Allows Foreign Investment in 74 Business Areas

SK1601064396 Seoul YONHAP in English 0427 GMT 16 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 16 (YONHAP) — As part of a gradual opening of the domestic market, foreign investment in 74 lines of business has become fully permitted effective Jan. 1.

Weeding halls, baths, beaches, real estate, tax accounting, taxi and inter-city bus operations, restaurants and hotel businesses all benefit from steps taken under the finance and economy ministry's five-year foreign investment market opening program which is to be completed by the year 2000.

The government has also partially allowed foreign investment or expanded the amount of such investments in 14 other kinds of business, including learning institutes.

Foreigners are now permitted to engage in joint ventures with Korean nationals to establish vocational academies that provide instruction in such fields as machinery, electricity, electronics, communications, information handling, safety control, broadcasting and the arts.

In the past, the number of language institutes in which foreign investment was allowed was restricted to one per special city and province, because this restriction will be eliminated this year, it is expected that there will be a dramatic increase in the number of such language institutes.

The number of vocational training courses in which foreign investment is allowed has risen from 143 to 299 this year alone.

The provision which limits foreign investment in language and vocational training institutes to less than 50 percent, however, remains unchanged.

ROK Police Increase Overseas Links To Catch Fugitives

SK1301022296 Seoul THE KOREA TIMES in English 13 Jan 96 p 3

[By staff reporter Sin Hak-nim]

[FBIS Transcribed Text] The National Police Agency (NPA) is beefing up cooperation with Interpol and other foreign law- enforcement authorities to round up Korean fugitives.

To this end, more police officers will be dispatched to Korean overseas missions, an official at the NPA's foreign affairs division said on condition of anonymity yesterday.

At present, 12 police officers are working in 11 cities in seven countries to repatriate Korean criminal suspects who have fled overseas.

Besides this, the agency plans to assign police officers and investigators to cooperative work with Interpol, the international police organization with 176 member countries.

It will also seek closer cooperation with the Federal Investigation Bureau (FBI) of the United States with a global investigation network. Informed sources said the FBI is planning to set up a branch in Korea sometime this year.

The NPA move comes with the increase in the number of Korean people fleeing overseas after committing crimes, mainly economic and financial ones, in recent years.

In 1991, only six persons were recorded as having escaped overseas but the number of such fugitives sharply increased to 48 and 121 in 1994 and 1995, respectively. Actually, an estimated 1,000 Koreans are believed to have gone into hiding abroad, the ranking NPA official said.

Some 162 Korean criminal suspects have been put on Interpol's wanted list since 1990. About 85.1 percent, or 138 of them, are suspected of committing financial and economic crimes, including embezzlement, according to the NPA statistics. The amount of money involved is more than 530 billion won (about 663 million dollars).

More than 80 fugitives are believed to be in the United States alone but the Korean police are having trouble apprehending and repatriating them to Korea partly because of the absence of an extradition treaty with the United States, according to NPA officials.

"However," one of them said, "The NPA will double its efforts to round up criminal suspects there in closer cooperation with the U.S. police authorities."

"With the beefed up efforts to repatriate Korean fugitives, they will find that nowhere in the world will they be safe," he told The KOREA TIMES on the telephone.

ROK Foreign Ministry Criticizes Canada's Overflight Fees

SK1201051596 Seoul YONHAP in English 0449 GMT 12 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP) — Canada recently informed South Korea that it will impose a 1,700-dollar fee for each flight that enters Canadian airspace beginning this year. This plan drew criticism from a Foreign Ministry official Friday, who said that this is an exorbitant fee when compared to those levied by other countries.

Canada also notified other countries of its decision to raise the fee for access to Canadian airspace, he said.

"It is difficult for us to accept the fee set by the Canadian Government, even though certain countries collect user fees for flights entering their territorial airspace to help pay for aviation control systems and other information required for safe air travel within their country," he said.

He also said that many members of the International Air Service and Transit Agreement (IATA) had voiced opposition to the fees proposed by Canada.

He added that it is likely that Canada will eventually have to lower this rate in the face of strong opposition from other countries, although Canada insists that it needs the money to improve its air traffic control system.

South Korea currently levies 120 U.S. dollars for each foreign flight that enter Korean airspace, and the average fee imposed by other countries is between 200 to 300 U.S. dollars.

The United States and Canada currently do not impose such fees for incoming flights.

Canada initially notified the secretariat of the International Air Service and Transit Agreement (IATA) of its intention to charge 1,700 dollars per incoming flight, but received a negative response from the IATA, he said.

Canada, unable to persuade the IATA, tried to persuade individual members of IATA to accept their proposal, he said.

South Korean airlines would have to pay up to 5 million dollars for the use of Canadian airspace, if the Seoul government were to accept the fee set by the Ottawa government.

ROK President Urges Streamlining Nuclear Management

SK1201051496 Seoul THE KOREA TIMES in English 12 Jan 96 p 2

[FBIS Transcribed Text] President Kim Yong-sam yesterday instructed the Cabinet to map out a plan to streamline the current nuclear energy management system, which he said has many problems.

As the first step, Kim suggested that the Korea Electric Power Corp. (KEPCO) take up the business of selecting the site for radioactive waste disposal, which has been under the control of an atomic energy research institute under the wing of the Science- Technology Ministry.

President Kim made the instruction while presiding over a meeting of the Presidential Advisory Commission on Science and Technology composed of 10 senior scientists and educators at Chongwadae yesterday morning. The council is headed by Yi Sang-hui, former science-technology minister.

The presidential instruction came on the heels of the Science- Technology Ministry's cancellation of the selection of Kurop Island in the West Sea as the disposal site for radioactive waste produced from nuclear power plants nationwide.

Early last year, the ministry designated the nearly deserted granite island off Inchon as the nuclear waste disposal and research complex, saying it faced little opposition from residents and has a stable geological basis. But later, the island turned out to be located on an active fault line, and the ministry called off the designation.

"I think it is inappropriate for scientists at research institutes to manage such a complex and large-scale project. Rather, the work should be taken up by the KEPCO, which has ample experience," the Chief Executive said.

Kim called for the streamlining of the nuclear energy administration to ensure that the ongoing North Korean nuclear light-water reactor project and the radioactive waste disposal site selection plan will proceed without hitch.

Currently, the Science-Technology Ministry is in charge of mapping out nuclear energy policies, while the Trade-Industry-Energy Ministry has been drawing overall energy policies and carrying out nuclear power and other energy projects.

The bifurcation of the nation's nuclear energy management has caused many problems and administrative inefficiency, the Chief Executive said.

For efficient coordination of national science and technology- policies and budgets, Kim suggested the administration set up a consultation body composed of ministers concerned with scientific and technological affairs, which will be headed by the deputy premier-finance and economy minister.

Kim also directed that the integrated science and technology commission meeting be held every quarter, to be presided over by the prime minister, to coordinate science policies and budgets.

In a discussion with council members, Kim complained about big business firms' widespread practice of hiring able technicians away from small businesses, a severe blow to already hard pressed small firms that have invested time and money in training them.

ROK Daily Urges ANSP To End 'Illegal' Investigations

SK1201042496 Seoul HANGYORE SINMUN in Korean 11 Jan 96 p 3

[Editorial: "Arguments About the Illegality of the Agency for National Security Planning's Investigations"]

[FBIS Translated Text] The Agency for National Security Planning [ANSP] began investigating opposition circle figures based on remarks made by a spy. This gave rise to public argument over the illegality of the ANSP investigation. The ANSP arrested Pak Chung-yol, deputy director of the National Alliance for Democracy and Reunification, according to remarks made by a spy, on charges of violating the National Security Law for maintaining correspondence with North Korea; and Kim Tae-yon, representative of the Committee To Prepare for the Future based in Songnam, and turned them over to the Seoul District Prosecution Office. After the investigation, the prosecutors indicted them on charges of violating Paragraph 1 of Article 7 (encouragement and praise of the enemy) and Paragraph 5 (production and distribution of publications benefiting the enemy) of the National Security Law. When the ANSP imprisoned Pak and Kim in November last year, it announced that "they received a directive from North Korea, details of which were not known, through a previously agreed communication network, and reported the result of the execution of the directive to a North Korean agent." However, the ANSP failed to reveal the identity of the North Korean agent who has reportedly gained them over to his side, and the timing of his testimony. On 8 December last year, the ANSP arranged a news conference with Kim Tong-sik, a spy sent from North Korea, and said that "Kim attempted to hand four radios he brought from North Korea over to Pak Chung-yol and Kim Tae-yon."

Many were the points of doubt raised by the people concerning this incident. If giving radios to the agents was one of the main missions assigned to spy Kim Tong-sik, why then did he wait so long to do this? The issuance of an arrest warrant, which lacks "the six principles — who, what, when, where, how, and why," that constitute the core element to prove a crime, itself is a problem. Moreover, the prosecution indicted them on charges of "encouraging and lauding the enemy" and "producing and distributing publications benefiting the enemy," omitting the charge of "illegal assembly and communications." This cannot be other than an example of inadequate indictment and imprisonment.

The problem we wish to raise is not whether or not there was an element of suspicion but the ANSP's illegality of its investigation practices. As for this case, Pak and Kim constantly denied the "assembly and communications" charges and their lawyers allege that brutal acts have been inflicted on them in the course of the investigation. Making public the unconfirmed suspicions of an accused is clearly a violation of the law. Besides, the ANSP has indicated in the warrant that Pak and Kim were detained in a police cell but in reality they brought them to the ANSP for investigation. For this, the court decided that "the ANSP's detention of its own accord is a violation of the law." Then, was the ANSP not aware that it was violating the law? This may not be true. This is the very expression of the "practice of rising above the law" implemented in the past during the long period of military rule on the pretext of "national security." The legality of the investigation process is a yardstick that measures constitutionalism. The investigation of not only public security offenders but also criminals of rebellion and internal disturbances should retain their lawfulness. The ANSP director has been replaced on two occasions since the civilian government was inaugurated, and "the new era of Naegok-tong [name of town where the new ANSP building is located]" is now open by ending "the era of Namsan" and "the era of Imun-tong" [name of areas where former ANSP buildings used to be located]. The ANSP should now clearly liquidate its illegal investigation practices of the past.

ROK Constitutional Court Rules on Electoral Districts

SK1201040596 Seoul YONHAP in English 0143 GMT 12 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP) — The Constitutional Court said that the largest allowable population ratio (4-to-1) between parliamentary electoral districts specified in its ruling last December is a figure that was arrived at by calculations that would make some districts 60 percent larger and others 60 percent smaller than the average district population of 175,460.

This means that the largest district population allowed by law is 280,736 and the smallest is 70,184, making districts that fall outside of these boundaries unconstitutional, according to the court.

The concept of voter's rights implies that there is an average weight given to each vote, and the existing electoral districts must be redrawn to reflect the average district population, it said.

In its December ruling, the court said that the existing 5.8-to-1 ratio of population differences between parliamentary electoral districts is unconstitutional because it infringes on the voter's basic right to have each ballot weighed equally, as stipulated by law.

It then specified a constitutionally allowable maximum 4-to-1 ratio disparity in a five-justice majority opinion, but it did not specify whether this ratio was based on simple population differences between districts or the average district population. The court has nine justices.

ROK Political Infighting for Assembly Seats 'Intense'

SK1301040296 Seoul THE KOREA TIMES in English 13 Jan 96 p 2

[FBIS Transcribed Text] Political infighting for seats in the National Assembly has become so intense that the fellow feeling that graduates of the same school usually have for each other has gone by the board.

This change has been seen most clearly among the alumni of Kyonggi High School, as a lot of graduates from the top-notch high school in Seoul are vying for House seats.

In the case of Songbuk-A district in Seoul, Rep. Yi Chol, floor leader of the minor opposition Democratic Party [DP], is waging a tough battle against the older Yu Chae-kon, a fellow Kyonggi man who is running in the district on the ticket of the major opposition National Congress for New Politics [NCNP].

Rep. Yi, a noted fighter against the Yusin dictatorship of the late president Pak Chong-hui, apparently has requested Yu not to run in his district, one in which Yi has been elected three times.

As Yu graduated 11 years before him, Rep. Yi had been disinclined to face his challenge. However, Yu is said to have been ordered by NCNP leader Kim Tae-chung to run in the district to keep Rep. Yi out because he is one of the most vocal politicians of the new generation demanding the retirement of the three Kims, President Kim Yong-sam, Kim Tae-chung, and Rep. Kim Chong-pil of the United Liberal Democrats. As a result, Rep. Yi said he has had no choice but to go head on against Yu at the polls even if Yu is older.

Another showdown is that between three-term lawmaker Kim Ki-pae of the ruling New Korea Party [NKP] and popular TV talent Chong Han- yong of the NCNP in the Kuro-A district in Seoul. Rep. Kim graduated 17 years before Chong from Kyonggi.

The junior Chong shows the utmost respect when speaking about Rep. Kim. However, he is strongly resolved to defeat him on the strengths of his popularity as TV entertainer and the votes of people hailing from the Cholla provinces, where NCNP leader Kim is strong. Another interesting duel is between Rep. So Sang-mok of the NKP and lawyer Hong Sung-u of the DP in the affluent residential electorate of Kangnam-A district in Seoul.

Rep. So, who was elected under the proportional representation system, is burning with ambition for a House seat in the most "intelligent and affluent" district against the older Hong, who is well widely reputed for his helping of those who got into trouble with the law for their struggles for democracy during the military dictatorships.

The April 11 election will be lawyer Hong's first, although he is older than Rep. So, but he commands a wide respect for his activities in the past in defense of human rights activists and the so-called fighters for democracy.

In the nearby Kangnam-B electoral district, Chong Song-chol, an executive of the Citizens' Coalition of Economic Justice, is set to vie against former lawmaker Yi Tae-sop, who graduated five years before Chong from Kyonggi.

A lawmaker of the ruling NKP said no matter how coveted Assembly seats may be, it is not good to see graduates of the same high school scrapping for them.

People only shudder to think how the kid gloves will be removed and how bloodied the combatants will become when the election date draws closer.

In Yongsan district, Rep. So Chong-hwa of the ruling NKP is to face former lawmaker O Yu-pang who is to run as the candidate of the NCNP. O graduated seven years behind So from the prestigious law school of Seoul National University.

Besides their college bondship, So and O also worked together in the now defunct Democratic Republican Party led by the late President Pak Chong-hui. Upon seeing the free-for-all among school mates, one cannot but agree with the saying, "There is no such thing as an eternal friend. Nor is there of an eternal enemy."

Former vice Seoul mayor Yi Hae-chan has to throw down the gauntlet to Pak Hong-sok of the ruling NKP who went through the Liberal Arts College of Seoul National University two years; behind Yi, in the Kwanak electorate in Seoul.

Pak and Rep. Yi, now leading an election strategy task force for the NCNP, were both democratic activists during their college days, and both were imprisoned for this.

Behind Rep. Yi stands NCNP leader Kim. Behind Pak stands Rep. Choe Hyong-u, a righthand man of President Kim. This alone is sufficient to arouse public interest in the outcome of the showdown.

After being tapped as a candidate of the ruling NKP, Pak said he would throw his all into stemming the representative exclusive regionalism spearheaded by NCNP leader Kim for the establishment of a sound and healthy democracy, as if his gambit is to seek a sort of proxy contest between President Kim and NCNP leader Kim.

ROK Labor Union Activist on Reluctance To Join NKP

SK1201052696 Seoul THE KOREA TIMES in English 12 Jan 96 p 2

[FBIS Transcribed Text] A radical labor union activist who the ruling New Korea Party [NKP] has actively encouraged to run on its ticket in the upcoming general elections, yesterday expressed a reluctance to join the party.

In a news conference, Yi Tae-pok, publisher of NODONGJA SINMUN, or Workers' Newspaper, said, "I have considered joining the NKP, but at the moment, I doubt if the so-called grand alliance of reformist forces is realizable."

"The ruling party has called for the grand coalition to rally support behind President Kim Yong-sam's reform drive," said the prominent dissident. "But what the party needs to do right now is to make concrete preparations for it."

Yi continued that the NKP seems not to be ready for the alliance, seeing the objections from some conservative legislators in the party to luring former dissidents into it.

Asked if he will join the NKP, he avoided giving a clear answer, saying, "I have been asked several times by core members of the ruling camp to join the NKP, but I will make my position clear in the near future after consulting with close aides."

"But such objections by conservatives clearly will have a negative influence on my decision," he added.

The union activist particularly demanded Rep. Kim Yong-kwang make a public apology for remarks at a ruling party meeting about his ideological color, vowing to take legal action if necessary.

Rep. Kim, who at one point served in the country's top intelligence office in the military-backed regimes, said at a meeting of the executive council Wednesday that Yi had been sentenced to death on charges of subversion. He served a prison term after the sentence was reduced.

The New Korea Party is a party that fundamentally represents the conservative middle class, said Kim, a former ranking official of the Korea Central Intelligence Agency, the predecessor of the Agency for National Security Planning.

"Now we are going to have some radical dissidents who in the past worked against the government on board. I doubt whether we need them to win the elections," Kim was quoted as having said.

Yi said at the press conference, "As a matter of fact, I was not sentenced to death. Prosecutors just asked for the death penalty."

It is regrettable that a legislator involved in human rights violations as ranking intelligence official of a past regime makes such McCarthystic and slanderous remarks about me without reflection, he continued.

He said he was set free and his civil rights were reinstated in 1988 following seven years in prison for heading an alliance of student activists in 1981.

"It's ridiculous for Rep. Kim to call for my ideological verification now," Yi added.

ROK: Kim Tae-chung Asks Kim Yong-sam About NKP Ideology

SK1401025996 Seoul THE KOREA HERALD in English 14 Jan 96 pp 2, 5

[FBIS Transcribed Text] A leading opposition politician, who was often accused by those in power of being a pinko in the past, has now turned the tables and begun to launch an offensive.

Kim Tae-chung, president of the main opposition National Congress for New Politics, is demanding President Kim Yong-sam disclose where on the ideological spectrum his party stands.

The controversy over the ruling New Korea Party's [NKP] ideological bent has been triggered by the party's invitation to former dissidents and labor activists as well as conservative figures to run in the forthcoming parliamentary elections.

Kim Tae-chung accused the ruling party of swinging between the two ideological extremes when he attended an inaugural rally for one of his opposition party's local chapters in Seoul Friday.

"We are perplexed by the New Korea Party, which invites ultra leftists into its fold one day and ultra rightists the next day," Kim Tae-chung said. "Before asking for voter support, the New Korea Party should make it clear whether it is conservative or progressive."

It was the first time for the opposition leader to take up the issue of the ruling camp's ideological posture. Kim's attack on the ruling party appeared to be a preemptive strike before the general elections in April.

Kim was always on the defensive when ideological issues surfaced during the past elections.

Back in 1992 when he was running for the presidency against President Kim, he was accused by President Kim's chief campaign manager of maintaining close ties with a coalition of left-wing organizations, which demanded the withdrawal of U.S. forces from South Korea and the abolition of an anti-Communist law — the National Security Law.

Though he denied he supported the coalition's radical demands, he apparently sustained damage from the attack launched by President Kim's camp.

Opposition leader Kim Tae-chung's ideology has the potential of becoming a key issue of contention again during the forthcoming general elections.

One of the cases that may stir up an ideological dispute concerns a former dissident who was selected by opposition leader Kim to run in the April elections.

The dissident was later arrested by the Agency for National Security Planning on charges of contacting a North Korean spy last year.

Under these circumstances, it may have dawned on Kim and his party that offense is the best defense.

Pak Chi-won, spokesman of the National Congress for New Politics, renewed his party's attack on the ruling party's ideological posture when he took issue with three former dissidents that the ruling party has admitted to field in the general elections.

The opposition party spokesman said the former dissidents are accused by a former top intelligence officer of taking money from North Korean spies.

In the face of opposition from its conservative members, he said, the ruling party scrapped its plan to nominate a labor activist, who demanded the abolition of the National Security Law and the revision of the labor law, as its parliamentary candidate.

In response, the ruling party urged opposition leader Kim to behave himself as a senior politician.

"Kim Tae-chung, who claims to be a victim of ideological conflicts that continued under the past military-backed governments, is either fanning an ideological dichotomy or trying to hide his ideological weakness," a ruling party spokesman said.

In defense of his party's ideological stance, the spokesman said the ruling party is pushing for reform amid stability.

"We are pursuing the harmony of stability and reform," he said. "It is our objective to usher in a grand harmony in politics."

ROK's NKP Urges Candidate Criminal Records Disclosure

SK1401025596 Seoul THE KOREA HERALD in English 14 Jan 96 p 2

[FBIS Transcribed Text] The ruling New Korea Party [NKP] is pushing for the mandatory disclosure of criminal records by candidates running for public office.

At the same time, the ruling party is planning to take harsher punitive measures against candidates who are found to make false statements on their personal history.

For this, the ruling party said it will revise the election law during the current special National Assembly session.

"Our party believes that such plans of ours will contribute to ensuring fair and clean elections," said a party official.

The ruling party's plan to allow voters to scrutinize criminal records of candidates came amid mounting public concern about criminal groups attempting to make inroads into politics.

Such public concern was fueled when the prosecution announced Wednesday that it arrested a gangster-turned-ward councilor on extortion and other charges.

The prosecution said Yi Yong-sok was elected to the councilor's post in the local elections in June last year, disguising himself as a social worker.

Yi, 45, has a criminal record of a suspended two-year sentence in 1990 for taking a stimulant banned in the nation.

"It is a shocking incident that a ward councilor was found to have been a leader of a criminal ring," said Rep. Kang Sam-chae, secretary-general of the ruling party.

"The incident is demanding our party work out ways of providing voters with an opportunity to verify the qualifications of candidates for public offices," Kang said.

Some news media supported the ruling party's plan in their editorials and commentaries. They said it is deplorable that some candidates, despite their convictions of violence, rape, robbery or swindling, have been elected to public office.

The ruling party pushed in vain for the revision of the election law in favor of the mandatory disclosure of candidates' criminal records during the regular National Assembly session last year.

The plan was thwarted in the face of opposition from opposition parties, which claimed that it would go against human rights.

The ruling party notified opposition parties of its intention to promote the disclosure of candidates' criminal records when they held high-level talks Friday on redrawing electoral districts.

But opposition parties opposed the mandatory disclosure of candidates' criminal records. They are worried that conservative voters may turn their backs on their dissident-turned candidates, many of whom have served jail terms.

The opposition parties have more parliamentary candidates with criminal records than the ruling party has.

The ex-convicts running in the forthcoming general elections on tickets of the ruling or opposition parties are mainly former dissidents who were once imprisoned for their violation of the National Security Law or their antigovernment protests.

In addition, the ruling party said it will revise the election law in such a way that harsher punishments are meted out to candidates who make false reports on their career.

Under the party's plan, candidates who are found to have made false description of their educational backgrounds and other careers would face more than 1 million won in fines.

When those elected are sentenced to a fine exceeding 1 million won for the violation of the election law, their election is made null and void.

ROK Rejects Kim Tae-chung's Academies Visit Plan

SK1501071896 Seoul YONHAP in English 0651 GMT 15 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 15 (YONHAP) — The Defense Ministry rejected Monday the opposition leader Kim Tae-chung's proposed visit to three military academies, saying that "politicians' visits to military units are not desirable for any reason."

A spokesman for the major opposition National Congress for New Politics (NCNP) headed by Kim Tae-chung announced earlier in the day that Kim was planning to visit the Korean Military, Air Force and Naval Academies as well as the Korean Institute for Defense Analysis sometime this month.

In response to the opposition party's announcement, the Defense Ministry said that the NCNP had not consulted with the ministry.

"The Defense Ministry only allows politicians to visit military units for the sake of comforting and encouraging servicemen on certain occasions such as June memorial month, Chusok (autumnal full-moon festival), Armed Forces Day and year-end and New Year's season," a defense official said.

NCNP spokesman Pak Chi-won said earlier in the day that Kim Tae- chung scheduled visit was intended to show his concern for military personnel by visiting soldiers and hearing directly from them about the various problems they face.

ROK: Chon Made Martial Law Decrees Sans Approval

SK1201033596 Seoul YONHAP in English
0253 GMT 12 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP) — Former President Chon Tu-hwan and his followers declared martial law decrees while he was defense security commander in May 1980, without the approval of former Martial Law Commander Yi Hui-song, prosecutors quoted Yi as testifying Thursday.

According to the prosecution, Yi testified that Chon and his followers did not obtain the necessary approval from him before declaring martial law decrees, forcibly detaining political leaders for questioning and sealing off the National Assembly building.

Chon was also joint investigation headquarters chief at the time former president Pak Chong-hui's assassination was being investigated.

The prosecution hinted that Yi's testimony, if true, is strong evidence that Chon was in clear violation of martial law procedures, which stipulate that the martial law commander takes control of administrative and judicial affairs under a state of emergency.

"This kind of thing must not happen in a democratic country," Yi was quoted as saying.

Martial law headquarters declared its 10th martial law decree in May 1980, effectively prohibiting all public assembly, political activity, and protests, while it censored media news coverage.

"Although this declaration was made in my name, I never signed it before it was announced. I think working-level officers at the martial law headquarters draft the declaration, which the joint investigation headquarters brought to them later," Yi said to the prosecution.

Yi added that the then "new military elite" took several other unauthorized actions.

Yi also denied statements made by Chon's followers indicating that they had obtained his approval for both the detention of political leaders including leader Kim Tae-chung, and the sealing off of the National Assembly. "I was never briefed on, and never signed that sort of thing," he said.

Yi was the acting director of the Korean Central Intelligence Agency when Chon led the 1979 coup and was later appointed army chief of staff by former President Choe Kyu-ha. Yi became martial law commander in late 1979.

Yi has only recently denied the claims made by Chon and his followers, after a sudden change of heart. The cause of this sudden change has yet to be revealed.

ROK Prosecution: Chon Ordered Merger of Media Firms

SK1301093096 Seoul YONHAP in English
0841 GMT 13 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 13 (YONHAP) — The merger and abolition of newspaper, radio and television firms in November, 1980 were ordered by then Defense Security Commander Chon Tu-hwan, a senior prosecutor said Saturday.

"The media firms' abolition and merger were led by Ho Mun-to, then member of the Special Committee for National Security Measures' Culture and Public Information Sub-Committee. But it has been revealed in interrogation that Ho formulated the media firm abolition and merger plan under Chon's instruction," the prosecutor said.

This is the first time that Chon's direct involvement in the merger and abolition of media firms has been revealed. Ho asserted in the National Assembly's 1980 public hearing on the Fifth Republic's wrongdoings that those steps were taken under his own initiative.

"The merger and abolition of media firms were included in the political turmoil control measures set up by Chon and his followers in a bid to seize power," the prosecutor said.

The control measures prepared by the Defense Security Command in March, 1980 also called for expanding nationwide the martial law, establishing the Special Committee for National Security Measures in an actual bid to invalidate the cabinet, and dissolving the National Assembly, according to the prosecutor.

ROK: Chon Reportedly Destroyed 'Slush Fund' Records

SK1301073296 Seoul THE KOREA HERALD in English 13 Jan 96 pp 1, 4

[Report by staff reporter Yi Sung-yul]

[FBIS Transcribed Text] Former President Chon Tu-hwan destroyed the accounting records of his slush fund just before his arrest last December, prosecutors said yesterday.

"Someone in Chon's family destroyed the account book at his request just before his arrest Dec. 3," said prosecutor Kim Sung-ho.

The book allegedly contained details about the fund he amassed while in office.

Chon made the confession when prosecutors questioned him about his secret fund during their visit to the hospital where he is being treated for fast-related ailments, the prosecutor said.

The person who disposed of the book at Chon's request will be called in for questioning, he added.

He refused to identify the person who had managed the secret record.

In the meantime, the prosecution ordered Chon's assets to be frozen in preparation for forfeiture.

ROK Kwangju Uprising 'Suppressed' Through Chon

SK1301105796 Seoul YONHAP in English 1027 GMT 13 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 13 (YONHAP) — Prosecutors have confirmed that the Kwangju uprising in May, 1980 was suppressed through the command channel of the new military elite headed by then Defense Security Commander Chon Tu-hwan.

This finding draws attention in that it actually supports the assertion of Kwangju incident complainers that the new military elite, abusing the incident, created social confusion in a bid to seize power.

A senior prosecutor said Saturday, "It has been revealed that Chon, after having so planned with No Tae-u, then Capital Garrison commander, ordered Chong Ho-yong, then special warfare commander, to go down to Kwangju and directly command the martial law troops there including paratroopers."

Prosecutors proving into the 1979 military mutiny and the 1980 Kwangju massacre have secured testimonies to that effect through the interrogation under summons of former senior military leaders who were in the normal martial law command channel including then martial law commander Yi Hui-song.

Yi was quoted as having told the prosecutors, "Military commanders in the ordinary command channel including myself received almost no reports on military operations at the scene and causalities. They were placed virtually under the control of the Defense Security Command."

Completely ignoring the ordinary martial law command channel, the new military elite dispatched Chong Ho-yong to Kwangju on several occasions to command the 7th, 11th and 3rd Airborne Brigades and 20th Division mobilized for the bloody crackdown on pro-democracy protesters in Kwangju, according to the prosecutor.

The ordinary channel of command under martial law then ran down from martial law commander to Second Army commander and Army Combat Training Center commander.

ROK's No Tae-u Not Cross-Examined by Defense Attorney

SK1601022296 Seoul THE KOREA TIMES in English 16 Jan 96 p 1

[Report by staff reporter Kim Yong-pom]

[FBIS Transcribed Text] Former president No Tae-u gave up yesterday the opportunity to rebut accusations voiced by state prosecutors by stating his wishes not to be cross-examined by his defense attorney during the second hearing of his trial on bribery charges.

In the unexpected motion, No's counsel, defense attorney Kim Yu-hu told the bench at the Seoul District Court that he had decided not to question the former president according to his wish.

"As he made it clear earlier on two occasions, the former president wants himself to be exclusively held responsible for the slush fund and that no others be punished for it," Kim said at the court.

In the first questioning by state prosecutors in the hearing on Dec. 18, last year, No hardly raised objections to most of the charges brought by the prosecutors.

Regarding No's refusal to be cross-examined, court observers presumed it might be some tactic of the defense to highlight No's "political scapegoat" image resulting from the government's purge.

To the warning by the presiding judge in the case, Kim Yong-il, against his possible loss of the opportunity to rebut the prosecution's charges, No's attorney said that he would resort to cross-examination, only if new facts or evidence are obtained.

In the second hearing, eight of nine business tycoons who were indicted along with No categorically denied their intention to bribe No, when they extended money to Chongwadae [presidential offices] while No was in office between 1988 and 1993.

In cross-examination by their defense lawyers, the heads of business groups disputed in unison charges that strings were attached to their funding for Chongwadae.

Yi Kun-hui, chairman of the Samsung Group, went on to claim that Samsung had suffered losses in the government-financed project, despite the funding.

Daewoo's Kim U-chung and Dong Ah's Choe Won-sok also brushed aside any ties with their donations to the former president and their government contracts.

Insisting that their contribution was one of the time old practices in the business circle, the business tycoons emphasized that they at best only wished to avoid possible disadvantages to their business operations, never rewards or preferential treatment.

In a bid to play up the negative effects of possible convictions of active businessmen on the nation's economy, defense attorneys sought to show their difficulties in overseas business activities due to their already tarnished images. The attorney for Kim U-chung pointed out that Daewoo is now on the verge of losing a contract for a drainage tunnel in Malaysia.

During the cross-examination, the defendants said unanimously that they were now repentant of the abovementioned political funding practices.

The third hearing for supplementary questionings by prosecutors is scheduled for Jan. 29.

ROK's BOK Foreign Exchange Holdings Reported

SK1101011396 Seoul YONHAP in English 0057 GMT 11 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP) — The Bank of Korea's [BOK] foreign exchange holdings totaled 32.71 billion U.S. dollars at the end of last year, up 7.04 billion dollars from a year earlier, the central bank announced Thursday.

The outflow of foreign-exchange funds last year amounted to 11.87 billion dollars — 6.94 billion dollars through visible (merchandise) trade and 4.93 billion dollars through invisible trade, while inflow came to a total of 14.1 billion dollars.

In 1995, imports rose 37.5 percent and exports grew 28.6 percent, resulting in a trade deficit of 6.94 billion dollars compared to 850 million dollar surplus recorded in 1994.

Invisible trade also yielded a 4.93 billion-dollar deficit last year, up from 3.38 billion dollars the previous year, mainly due to a sharp increase in overseas travel expenditures.

The capital account, however, achieved a 14.1 billion-dollar surplus in 1995 — 8.17 billion dollars in the long-term capital balance and 5.93 billion dollars in short-term capital balance [figures as received].

ROK Urges Foreign Banks To Convert Earnings to Capital

SK1201050196 Seoul THE KOREA TIMES in English 12 Jan 96 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The government will encourage foreign banks to convert their retained earnings and reserves into capital so that they are able to do more banking services, including foreign currency dealing, lending and payment guarantees.

A Ministry of Finance and Economy official said many international banks, especially American banks here, are reluctant to increase capital, but they are complaining that the Korean government is linking every type of banking business to the size of capital.

The Bank of Korea recently introduced a system linking the amount of foreign currency banks are able to hold to the size of capital, instead of the amount of foreign currency bills they bought in the previous month. Otherwise, they argue that their foreign exchange business volume would shrink rapidly.

A government official said Seoul does not place any restrictions on the expansion of capital for foreign banks. Once international banks increase capital, they can automatically increase foreign currency holding and payment guarantees, and issue more certificates of deposit.

He said it is unreasonable for international banks to ask Korea to treat their head office capital as branch capital while they are reluctant to convert what they earned here into capital.

But many American banks are still unwilling to convert their retained earnings into capital because they can remit the retained earnings at any time want. Capital is a permanent asset that can not be reduced or withdrawn unless they close shops here. It is alleged that many major American banks maintain the capital and reserves ratio at 1 to 10.

Still, South Korea is a country that is technically at war with the North. American bankers might shun converting their retained earnings into capital unless there is established, permanent peace on the Korean peninsula, analysts here said. Unless the U.S. military presence is bolstered further, American banks will continue to stay away from injecting more capital into Korea, they noted.

The combined capital of 71 branches of foreign banks in Korea was 1,820 billion won last year, an increase of 340 billion won over 1994, the Bank of Korea said

ROK Official Reveals MOTIE 1996 'Activity Plan'

SK1301022396 Seoul THE KOREA TIMES in English 13 Jan 96 p 8

[FBIS Transcribed Text] The Ministry of Trade, Industry and Energy [MOTIE] said yesterday in a New Year press briefing that it is seeking to revise regulations to make it possible for high-tech companies to expand more freely in the metropolitan area.

Chang Sok-an, assistant MOTIE minister for planning and management, said town planning limitations capping available land for production purposes at 25 percent of the total will gradually be increased to provide for greater flexibility.

"At the moment, semiconductor companies are allowed no more space for new facilities in the greater capital area through 1998 and necessary measures will have to be taken to accommodate growth," he said.

At the same time, the nation's top five conglomerates, including Hyundai, Samsung and LG Groups, will be allowed to invest more heavily in areas of specialization for greater effectiveness.

At present, regulations prohibit large companies from investing too much in specific industries because of fears that they may monopolize the relevant sectors.

As part of this year's activity plan, MOTIE is also considering permitting companies to enter the aerospace and satellite sectors as long as their projects do not overlap with ongoing state-initiated ones.

Chang said the flexibility in these sectors will be geared to localizing parts and components as well as developing the basic technologies to gain competitiveness in the international market.

On the trade front, MOTIE is eager to convert the current system of regulating all imports and exports into one designating specific items for which authorization must be obtained and allowing the rest to be traded freely.

"However, we have no additional plans to further reduce the number of items on the import source diversification list beyond the ongoing annual 10 percent reduction through 1998," Chang explained.

The system, introduced to prevent the importing of specific items from certain countries with which Korea has large trade deficits, is currently applied only to Japan, which has been urging Seoul to lift its "embargo" more quickly.

Meanwhile, Chang said MOTIE will select about 15 strategic locations for boosting trade with global partners in regions like Japan, the United States and Europe to more efficiently realize market penetration.

"We will also begin holding annual meetings of the commercial attaches in foreign diplomatic offices to advise them of domestic policies and to evaluate the situation in foreign markets," he told reporters.

He said Korea will participate even more actively in international fora, such as Asia-Pacific Economic Cooperation, and play a more vibrant role in the trade monitoring activities of the World Trade Organization.

In the area of international co-operation, MOTIE will pursue smoother relations with the United States through the activation of the Business Cooperation Committee for more collaboration in fields like semiconductors and automobiles.

With China, the scope of technical cooperation will be expanded from automobiles and aerospace to nuclear power plants and petrochemicals, MOTIE officials said in the report.

ROK Minister on Changes in Industrial Policy

SK1301021296 Seoul THE KOREA TIMES in English 13 Jan 96 p 1

[By staff reporter No Chun-hun]

[FBIS Transcribed Text] The nation's top-industrial policy-maker announced that 10,000 foreign workers will be brought in and that a wide range of programs, including acceptance of technology as collateral, will be pursued this year in an effort to improve the competitiveness of small companies.

He said it is hoped these policies will make the economy more vibrant, accelerate the localization of equipment manufacturing, beef up logistics and improve product quality.

In a meeting with top businessmen at the Hilton Hotel yesterday, Trade, Industry and Energy Minister Pak Chae-yun also said the government will work with financial institutions to reduce interest rates and relax regulations so firms may access' foreign capital more easily.

While it is hoped these measures will soften the effects of this year's expected downturn in the economy, Pak said helping small companies will be the government's main priority .

In this vein, President Kim Yong-sam recently ordered the establishment of the Small Business Administration. The new government agency, which will replace the Industrial Advancement Administration, is to be officially launched before the end of next month.

Pak told the gathering of some 300 top executives that an additional 2 trillion won will be provided to small companies restructure.

In addition to bringing in another 10,000 foreign trainees, on top of the 30,000 plus already here, the government will work with the small firms to help reduce the rate at which the foreign workers desert their designated workplaces to less than 0.01 percent.

"We are seriously considering revising the relevant laws and regulations so as to allow industrial companies to use their technologies as collateral for loans and as well as obtaining insurance policies for their high-tech developments," the minister said.

Pak said further that his ministry will monitor closely transactions between large and small firms, encouraging conglomerates to increase cash payments to subcontractors and use promissory notes less.

The breakfast meeting, organized by the Korea Productivity Center, was attended by such top business executives as Kang Chin- ku, chairman of Samsung Electronics and Yi Chong-hun, president of the Korea Electric Power Corporation (KEPCO).

On the technology front, Pak said greater efforts will be made to help industrial companies localize high technologies, including those for capital goods, especially manufacturing equipment.

He said some 200 billion won will be allocated this year to the development of strategic technologies for electronics and new materials which account for the country's huge trade deficit with Japan.

"At the same time, we are launching a five-year plan to consolidate core technologies, investing tens of billions of won every year," Pak explained.

One of the main focuses of the program will the creation of a labor pool qualified in everything from automobile design to customized semiconductors along with setting up of "techno-parks."

The government will finance joint procurement programs and distribution centers to better logistics support, said Mr. Pak.

ROK Construction, Transportation Ministry's 1996 Plans

SK1201045696 Seoul THE KOREA TIMES in English 12 Jan 96 p 8

[By staff reporter No Chun-hun]

[FBIS Transcribed Text] The Construction and Transportation Ministry will concentrate on the expansion of social overhead capital projects, balanced regional development, establishment of distribution and industrial centers this year.

The ministry will also work toward strengthening the competitiveness of construction companies in the international market and attain a higher level of stability in the real estate market.

In a press briefing yesterday, Construction and Transportation Minister Chu Kyong-sok said the projects, most of which are directly and closely related to everyday lives, will be pursued when looking 100 years into the future.

He said the merger of the construction and transportation ministries is now more than a year old, and policies will be directed toward bringing both short- and long-term benefits to residents.

Under the plan for this year, the ministry will push the completion rate of the Yongjong International Airport from last year's 23.8 percent to 41.1 percent for completion by the year 2000. The minister said the Kyongbu (Seoul-Pusan) bullet train project will also reach a completion rate of 19 percent, and the entire system will go into commercial operation in 2002 after a trial run of the Seoul-Taejon route in 2000.

Other social infrastructural projects will include the expansion of highways and railway systems for freight transport, refurbishment of port and airport facilities and the development of water resources.

In the area of balanced regional development, the ministry will seek to map out development plans for various provincial regions, including those surrounding the nation's largest cities such as Pusan and Taegu.

Minister Chu said a blueprint for revamping the Seoul metropolitan area, in terms of financial, international and communications functions, will be adopted in the first half of this year to alleviate some of the "congestion." "In many of the projects, the government budget will not be sufficient, and the private sector will be encouraged to participate actively in them," said the minister.

As for distribution, the ministry is determined to reduce the current logistical cost of 17 percent of the sales price to 11 percent by the year 2003 by setting up an effective network of distribution centers. A number of giant distribution and storage centers, including those in Uiwang, Kyonggi-to and Yangsan, Kyongsang-namdo, will be completed on schedule to streamline the existing system and improve the automation ratio.

About 600,000 houses will be constructed with a fund of 8 trillion won (10.5 billion dollars), part of which will be used to help finance the purchase of the new property.

Burma

BURMA: Editorial Hails Talks With High-Level PRC Leaders

BK2301084696 Rangoon THE NEW LIGHT OF MYANMAR in English 11 Jan 96 p 6

[Editorial "Mutually beneficial"]

[FBIS Transcribed Text] The talks in Beijing at the highest level of leadership of the Union of Myanmar [Burma] and the People's Republic of China must go down in the annals of history as a mutually beneficial chapter that has been enhanced with the official friendly visit of the Chairman of the State Law and Order Restoration Council Senior General Than Shwe.

Clearly understood by neighbours in the region and countries in other parts of the world, Myanmar and China have, throughout history, enjoyed cordial friendship and have, in recent years, shared common identity of views on matters of bilateral, regional and international interest.

The warmth and understanding both nations have enjoyed is an example of good neighbourliness that not only stems from the adherence to the Five Principles of Peaceful Coexistence to which both countries subscribe as original signatories to the Bandung pact but also in view of the centuries-old ties which have enriched the maintenance of culture and basically shared philosophies of tolerence and understanding.

As pointed out by the Senior General in the talks, the structure of international relations has changed and in view of ever-improving contacts among nations, it is not possible for individual nations to stay aloof from others. Thus, regional cooperation to secure regional stability and progress has become an issue of ever-increasing importance.

Friendly relations between Myanmar and China, a nation so vast and unique in its position in Asia and in relation to others in the world, are exemplary, judging from developments in the past decade, and more so in the past half-decade or so.

Mutual understanding and help whenever and wherever needed have become reciprocal. This reciprocity in many spheres of activity, specially in the economy and in modernization has helped both nations better contribute to each other's wellbeing.

President Jiang Zemin, a statesman in his own right, and astute in his helmsmanship, has also voiced appreciation and endorsement of Myanmar's many and variegated endeavours. The visit, he opines, has added to better understanding of the situation in Myanmar and her objectives, specially efforts for national reconsolidation with the State Law and Order Restoration Council's leadership.

The president has also reiterated his belief that sovereign nations must have the right to choose their individual social system and development course in consonance with their respective conditions.

What the two leaders have expressed, and the agreements and protocol signed, must help us and all others accept that our ties are strong and that we stand by each other at all times, as we have always done.

BURMA: Plenary Session of National Convention Actions Reported

BK1801121896 Rangoon Radio Myanmar in Burmese 0630 GMT 18 Jan 96

[FBIS Translated Text] The plenary session of the National Convention continued at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon]. It was attended by Lieutenant General Myo Nyunt, chairman of the National Convention Convening Commission [NCCC]; Brigadier General Myo Thant, deputy chairman of the NCCC, and commission members; U Aung Toe, chairman of the National Convention Convening Work Committee [NCCWC]; U Tha Tun, deputy chairman of the committee, and committee members; Brig. Gen. Tin Aye, chairman of the National Convention Management Committee, and committee members; convention delegates; and local and foreign journalists.

U Lei Kwe Gin of the Shan State Kokang Democratic Party presided as alternate chairman while Dr. Thaung Myint, member of NCCWC; U Maung Gyi of the Union Pa-o National Organization; U Kyi Nyunt from the national races delegates group; U Tin Maung Kyaw from the peasants delegates group; U Bo Myint from the workers delegates group; U Hla Myint from the intellectuals and intelligentsia delegates group; U Arnt Maung from the public service personnel delegates group; and U Ko from the special invitees delegates group acted as members of the Panel of Chairmen. U Ko Ko Gyi, director of administration of the Office of the NCCWC, acted as secretary of the meeting.

The secretary declared the meeting valid and open as the meeting was attended by 494 delegates out of 590 delegates eligible to attend the convention. U Maung Gyi, member of the Panel of Chairmen, read out the report on the comments of the Panel of Chairman on the proposals from delegate groups and delegates on the basic principles on the resignation, removal from office, and impeachment of the Union chief justice and Union judges to be included under the section on the structure of the judiciary in the state constitution. He read from page 196 to page 221 of the report.

U Kyi Nyunt, member of the Panel of Chairmen, read out from page 221 to page 244 of the report.

U Tin Maung Kyaw, member of the Panel of Chairmen, read out page 224 to 266 of the report on the comments of the Panel of Chairman on the proposals of the delegates groups and delegates on the requirement for the Union chief justice and Union judges to stay free of party politics and on their retirement as district personnel. He read from page 224 to page 266 of the report. The session adjourned briefly at 1010.

When the meeting resumed at 1025, U Bo Myint read out the report on the comments of the panel in response to the delegates' proposals on the standards, responsibilities, rights, and benefits of the Union chief justice and Union judges; the establishment of regional or state high courts; the appointment of regional or state chief justices and judges; and the number of regional or state judges under the section on the structure of the judiciary to be included in the state constitution. He read from page 266 to page 293 of the report. U Hla Myint, a member of the panel, read from page 293 to page 320 of the report.

The meeting adjourned briefly at 1120. The plenary session of the National Convention is continuing in the afternoon.

BURMA: Surrender of Khun Sa's MTA Troops Reported

BK2401154596 Rangoon Radio Myanmar in Burmese 1330 GMT 24 Jan 96

[FBIS Translated Text] The state has been preventing the use, production, and trafficking of narcotic drugs as a national duty so the world can be free of the dangers of narcotic drugs that threaten the destruction of mankind and affect the health and morale of youths. It has been learned, however, that some foreign countries have been fabricating news undermining Myanmar's [Burma's] narcotic drug suppression activities.

Members of Khun Sa's MTA [Mong Tai Army] armed group have been surrendering unconditionally since 5 January after totally abandoning the illicit trade and production of narcotic drugs and the armed struggle against the Defense Services, turning over their active regions to the Defense Services columns, and returning to the legal fold.

The state government has been implementing its objectives through its own means practically without assistance. Not only have these accomplishments almost totally stopped illicit narcotic drug production — especially in the Ho Mong and Loi Lam regions along the Myanmar-Thai border — they have also helped the world to become practically free from the dangers of narcotic drugs.

Members of Khun Sa's MTA armed group have realized the commendable activities of the government and are continually laying down their arms and surrendering to the Defense Services.

On 23 January 1996, a group of 778 MTA members led by Regional Commander Bo Moe of the 2d Region, Brigade Commander Khun Hla of the 6th Brigade, and Deputy Brigade Commander San Lu surrendered along with 387 assorted weapons, 18 walkie-talkies, and assorted ammunition to the Defense Services authorities at a ceremony held in Naung Laing village, Tangyan Township, Northern Shan State.

During the ceremony, Lieutenant Colonel Aye Kyu, the acting tactical operations commander of the No. 3 Tactical Command from the Northeast Military Command, delivered a welcoming speech. The MTA leader, Bo Moe, explained their reasons for surrendering. The Defense Services and MTA leaders inspected the weapons and greeted the surrendering MTA troops from the Naung Laing, Lwe Wun, Phattan, and Padaung regions of Tangyan Township. The ceremony ended after the tactical operations commander presented monetary assistance to the MTA members.

It has been learned that a total of 11,261 members of Khun Sa's MTA have returned to the legal fold since 5 January, surrendering 6,905 assorted weapons, communication equipment, hand grenades, mines, and assorted ammunition to the Defense Services.

It has also been learned that more MTA troops apart from those in the Eastern and Northern Shan State regions are also surrendering.

BURMA: Karen Leader Expounds on Prospects of Peace With Rangoon

BK2101134696 Bangkok THE SUNDAY POST in English 21 Jan 96 p 20

[Report by Assistant Editor Ralph Bachoe]

[FBIS Transcribed Text] Despite recent talks between a Karen National Union [KNU] delegation and senior members of the ruling State Law and Order Restoration Council [Slorc], and a second round scheduled for next month, prospects for an end to the 47-year conflict are remote.

The two sides met last month in the Mon State capital of Moulmein and in Rangoon for the first time since their failed negotiations in the Burmese capital in 1963.

Since 1989, the military junta has signed ceasefire deals with 15 guerrilla army groups, including the powerful Kachin Independence Organisation.

The recent feather in the cap for the Slorc was the surrender of drug warlord Khun Sa and his Mong Tai Army this month.

But KNU leader Gen Saw Bo Mya Karen people hinted that peace would not come easily because the sincerity of the Slorc remains open to question.

"I seriously doubt the Slorc is sincere about achieving genuine peace because it continues with its policy of forced labour, portering, torture and other human rights abuses against the Karen people."

The 67-year-old patriarch of the Karen said fighting would end only after a mutual agreement is reached between the two groups whereby there would be give and take.

He accused the Slorc of only demanding the minority guerrilla forces to return to the legal fold and questioned the legality of the military junta.

"Is there any legality in the Burmese government? After all, the Slorc just wants us to surrender, and that we cannot do. Both sides must arrive at a mutual understanding."

The Karen have been fighting for greater autonomy since 1949, and later for a federal system of government in Burma.

Saw Bo Mya said the Slorc's strategy is to convince ethnic guerrilla forces to surrender and return to them a limited number of small arms so the guerrillas can take up the role of Village Defense Forces (militia).

With a note of sarcasm, he said the so-called deals struck between the Slorc and the minority guerrilla groups is presented in the local press as surrender, not ceasefire.

"They will say," he said, "the Karen have surrendered unconditionally after having realised the error of their ways, and have now returned to the legal fold."

But on the ground, little is changing. The Slorc's dry season offensive on the mobile headquarters of the Karen National Liberation Army's 6th Brigade area has already begun, said Saw Bo Mya.

"Battles are now raging in Toungoo, Naunglebin and Papun districts," he said. "However, the Slorc troops have not advanced on the 6th Brigade area as yet."

He said his 20,000 troops have been deployed along the perimeter from Toungoo in southeastern Burma down to the Mergui-Tavoy district in the south, and are well prepared to meet the enemy.

But in a compromising tone, the Karen leader said he is prepared to give up his armed struggle and support Lt-Gen Khin Nyunt, Secretary of the Slorc, if he would be noble enough to restore full democracy to Burma.

"If he can do this," he said, "he will be recognised as a leader and I will guarantee no revenge will be taken against him. In addition he will have my full backing."

The Karen leader said he was prepared to forgive the defection of the Democratic Kayin Buddhist Army [DKBA] to the Slorc, which led to the eventual capture of the KNU's Manerplaw headquarters and kawmura base last year.

The DKBA broke from the KNU in December 1994 and joined the Slorc forces early the following year. The breakaway group had accused the Christian-dominated top echelon KNU members of discrimination against rank and file Buddhist Karens.

He said: "The KNU is prepared to forgive and forget these people who have gone over to the Slorc but I can offer no guarantee to the deserters guilty of acts of violence against Karen refugees.

He was referring to the renegade Buddhist Karens accused of harassing refugees at border camps in a campaign of looting, kidnapping and killing to coerce them to return to Burma.

According to Saw Bo Mya, 50 of the 400 or so DKBA soldiers have so far rejoined the KNLA [Karen National Liberation Army]. The rest he explained, have not returned either because they are afraid to confront angry villagers or are under close surveillance by the Slorc.

As to the present relationship with Thai authorities, Saw Bo Mya said he and his forces are being left alone. "We have no problems with them."

However, he complained that it appears Thai officials are turning a blind eye to the frequent incursions by DKBA troops on Karen refugee camps along the border.

"They (Thai security forces) are not providing adequate protection for the refugees." He believes this indicates the Thais want the refugees to return to Burma.

Talking about his impressions of Nobel Laureate Daw Aung San Suu Kyi, Saw Bo Mya hoped she would follow in her father's footsteps to help solve the ethnic question.

"She is an educated person and is the daughter of Gen Aung San. I hope she would follow in her father's footsteps whenever the ethnic problem arises and also where the ethnic policy is concerned."

He said that based on her personal experiences after having being under house arrest for almost six years, "she should correctly analyse the present situation and I hope that she would do her best for the people of Burma."

He emphasised that Burma's ethnic enigma is unique and very difficult to tackle. Even though Daw Aung San Suu Kyi is sincere in wishing to solve the issue, he said: "She should press the Slorc into peace talks with her and the Democratic forces and the ethnic minorities.

"Also I would like to suggest that Daw Aung San Suu Kyi and her National League for Democracy have a clear cut policy concerning the ethnic minorities and a federal system of government."

He pointed out Daw Aung San Suu Kyi is facing tremendous difficulties in convincing the Slorc to engage in dialogue for national reconciliation and peace, and that he is convinced she now realises that the Slorc is not sincere.

"Now this is not only an ethnic problem but has also become a national problem to get rid of an evil system and establish a democratic federal union.

"Anyhow we must work together and support one another," he added.

BURMA: Karen Buddist Army Vows To Hunt Down Karen National Union

BK2201050196 Bangkok THAILAND TIMES in English 22 Jan 96 p A2

[Unattributed Report]

[FBIS Transcribed Text] Tak — The Democratic Karen Buddhist Army (DKBA) has vowed to hunt down the Karen National Union (KNU) with more reinforcement from the Burmese junta, a senior rebel officer said yesterday.

Col Kyaw Thay, commander of DKBA's Kawmura base, said the DKBA will continue to fight against its former colleagues as long as the latter still seek shelter in Thai soil.

"We know where Gen Bo Mya's troops were hiding their arms in Thailand. We will search for the weapons by ourselves no matter Thailand will allow or not," said Kyaw Thay, referring to the KNU's president, whose fighters were reportedly re-grouping somewhere along the Thai-Burmese border to attack against Rangoon-backed DKBA.

"But we won't hurt Thai people or Karen refugee."

He said he believed the KNU's hidden weapons will be found, hoped the weapon search will not hurt anybody. About 200 DKBA soldiers with reinforcement were reportedly sent to the Dagani base in order to cope with the KNU's future attacks.

The KNU recently launched an attack against the DKBA at the latter's three bases opposite Tha Song Yang district and Mae La Yang village on Saturday, killing 11 DKBA soldiers and injuring 24 others.

The attack was believed to be done as an act of revenge following the DKBA's cross-border raid on Bae Krao Karen refugee camp inside Thailand, which killed Maj-Gen Hta Lue, the father of KNU Commander, Col Bena, on January 12.

Hta Lue was shot dead while resisting the DKBA's kidnap attempt in order to force his son to return the DKBA's territory.

Kyaw Thay said the DKBA's previous attacks in Thailand's refugee camps were done because the KNU was trying to launch assaults on their camps, adding Thai officers did nothing to stop the KNU.

BURMA: Burmese Troops Raid, Ransack Karen Village

BK2201054496 Bangkok THE NATION in English 22 Jan 96 p A3

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Kyaindon, Burma — Some 200 Burmese troops made an early morning raid on the Karen village of Wabaw, killing one man and wounding another, the same day a Karen delegation left Moulmein for scheduled ceasefire talks in Rangoon, Karen sources said.

The attack, which was preceded by shelling, occurred on Dec 21, as 300 villagers were celebrating the traditional Karen New Year, an eyewitness said.

The same day, a seven-member delegation of the Karen National Union (KNU) led by Phado Klee Say travelled to Rangoon for a ceasefire meeting with Lt Gen Khin Nyunt, a top leader of the ruling Burmese junta, the State Law and Order Restoration Council (SLORC).

Burmese troops from the 106th and 343th Battalions, under the command of San Lwin and Myint Thein respectively, ransacked the village, burning down a house belonging to U Maung Taung and stealing people's valuables, the witness said.

The witness, who asked not to be named because of the nature of his work requires him to travel extensively inside Burma's eastern Karen state, identified the villager killed as U Palaw Tu, 30, from Wakamay in Thanbyuzayat township, and the wounded man, hit in the knee, as U Aung Yi, 32, from Wabaw.

He said Burmese artillery began shelling the village about 8.45 am, and the troops followed as people fled into the jungle.

"We didn't expect SLORC to do it, because we thought peace talks were going on in Moulmein. And it was our traditional New Year celebration. All the villagers ran away when the artillery opened fire," he said.

The witness believed the attack order must have come from a top army or regional army commander.

"They must have got the order from the top man. How could they launch the operation without an order? It may come from Maj Gen Ket Sein or maybe from the top men," he said. Ket Sein heads the Burmese army's southern command.

The witness said the Burmese troops robbed U Aung So, 32, of 40 silver coins, 20,000 kyat and clothing, and U Saw Maung, 58, of his gold necklace and 22,000 kyat, one ox and some clothing, while U Gyi Nyo, 60, lost a gold necklace and 8,000 kyat.

One U.S. dollar fetches 120 kyat on the black market and six kyat at the official exchange rate.

The witness added that the Burmese troops also ransacked Kalatoke village during their retreat back to their barracks.

The 106th Battalion is based in Mokani, about 13 km by road from Wabaw, and the 343th Battalion in Ye.

Burma: Students Receive Temporary Appointments to DAB Positions

BK2101124596 Bangkok THE SUNDAY POST in English 21 Jan 96 p 20

[Unattributed Report]

[FBIS Transcribed Text] Temporary appointments were made at the recently concluded Third Central Committee meeting of the Democratic Alliance of Burma (DAB) at an undisclosed location inside Burma.

The meeting was held from January 9-12, and was attended by 15 groups of the 19-member alliance.

Dr Naing Aung of the All Burma Students' Democratic Front (ABSDF) was appointed joint-secretary of the DAB, and Moe Thee Zun, who belongs to the breakaway faction of the ABSDF, was elected assistant secretary of the military committee.

The two student leaders will hold their posts until mid-April when the next congress will be convened.

Both student factions have also agreed to hold a reconciliation meeting in the near future with the DAB to continue to play the role of mediator.

The reconciliation committee is headed by Gen Tamla Baw, Ashin U Khemasara, Khine Soe, Naing Aung. All are advisers to the Alliance. The other committee member is U Myint Zaw, acting general secretary to the DAB.

In other developments, the Pa-o Peoples' Liberation Organisation was voted in as the 20th member of the Alliance while the application for membership by the Mergui-Tavoy Division United Front was shelved for consideration.

The Central Committee of the DAB has assigned the Central Executive Committee to scrutinise the application and to meet with leaders of the Front to clarify policy matters before deciding whether to accept the group into the Alliance.

Meanwhile Gen Saw Bo Mya and Tin Maung Win retained their positions as chairman and vice-chairman of the DAB.

Brunei, Malaysia & Singapore

Malaysia

Malaysian Minister Urges NAFTA Members To Open Markets

BK2001145596 Kuala Lumpur THE STAR in English 20 Jan 96

[Report by Loong Meng Yee — received via Internet]

[FBIS Transcribed Text] KUALA LUMPUR — Malaysia yesterday called on the North America Free Trade Area (Nafta) to open its market to the world.

International Trade and Industry Minister Datuk Sri Rafidah Aziz said Nafta — which comprises the United States, Canada and Mexico — should do so to reflect its commitment to liberalise trade and remove trade barriers.

"Countries in the Asean Free Trade Area (Afta) are ready to open up. We have no intention of being an exclusive bloc. We hope it is the same with Nafta," she said at the first Canada-Malaysia Business Leaders Dialogue yesterday.

Canada's Minister of International Trade, Roy MacLaren, who joined Rafidah at the question-and-answer session, said Canada and Malaysia shared a vision to "facilitate freer trade with the ultimate goal of achieving free trade and bring down barriers in the world."

Rafidah agreed with MacLaren that regional initiatives did not hinder the formation of a free global market, saying: "Worldwide free trade is a complicated thing. It takes time to get it working."

"Thus, forming regional pacts makes sense because they allow countries to go into each other's market without protection," she said, adding that regional pacts should be the beginning of smoother global trade.

National Chamber of Commerce and Industry of Malaysia president Datuk Sri Yahaya Ahmad said Malaysia welcomed business partnerships especially in capital-intensive ventures.

Malaysia's Mahathir Reassures Foreign Investors

BK2001115196 Kuala Lumpur THE STAR in English 20 Jan 96

[Report by Paul Gabriel — received via Internet]

[FBIS Transcribed Text] KUALA LUMPUR — Foreign investors should ignore talk that the Malaysian economy is on the verge of overheating, Datuk Sri Dr Mahathir Mohamed said yesterday.

Addressing 300 Canadian businessmen here, the Prime Minister said that contrary to certain predictions, the Malaysian economy would continue to grow and remain stable this year.

He said an 8.5 per cent growth would be satisfactory for 1996, against last year's 9.6 per cent.

"After eight years of sustained economic growth, some believe that this country's economy is about to overheat. We don't think so.

"We intend to continue growing... and 8.5 per cent will be good," he said at the first Canada-Malaysia Business Leaders Dialogue which he jointly addressed with his Canadian counterpart Jean Chretien.

The Canadians, tagged "Team Canada," formed the largest business delegation yet to visit Malaysia. Chretien's high-powered team also included the premiers of six Canadian provinces.

Dr Mahathir said the Malaysian Government was focused in keeping its currency stable and trade policies intact.

"We do not intend to put sudden conditions on foreign businessmen. What we say today will be upheld for the next decade and even the century.

"Since our independence 39 years ago, this country has had a very consistent policy of welcoming foreign investment," he said to loud applause.

Chretien said the strength of the Canadian business delegation reflected his country's confidence in Malaysia.

He added that his good personal relations with Dr Mahathir had helped him understand this part of the world better.

Malaysian, Canadian Firms Sign 43 Business Deals

BK2001115696 Kuala Lumpur THE STAR in English 20 Jan 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] KUALA LUMPUR — A total of 43 business deals worth C [Canadian] $445.3 million (RM [Malaysian ringgit] 841 million) were signed here yesterday between Malaysian and Canadian companies.

Canadian prime minister Jean Chretien said the new deals would bring the total value of new business deals signed during the 12-day Canadian mission to South-East Asia to C$8.6 billion (RM16.2 billion).

The new business deal signed in Kuala Lumpur yesterday, include C$198.7 million (RM375.5 million) in commercial contracts and C$247.13 million (RM467 million) in agreements in principle, including memoranda of understanding and letters of intent.

"Many of the deals were concluded by small and medium-sized businesses, whose projects were facilitated by Enterprise Malaysia Canada," he said.

Enterprise Malaysia Canada is a Canadian International Development Agency project that facilitates joint ventures and technology transfer.

The deals signed include a C$20 million (RM37.8 million) project between Alpac (Malaysia) Sdn Bhd and Alberta-based Waterworks Technologies Inc and a C$3.5 million (RM6.6 million) contract between The StateWide Technology Group and Syikah Holding Sdn Bhd [private limited] and the Kedah state government.

Among Malaysian the companies involved in the deals are Tractors Malaysia (1982) Sdn Bhd, Atlantic Submarines Malaysia Sdn Bhd, Renong Bhd, Tuah Tanker Supplies and Servives Sdn Bhd, South Sea Noble Sdn Bhd, Folec Communication, Telekom Malaysia Bhd and TIME Plessey Telecommunications Sdn Bhd.

The Canadian companies include ACIC (Canada) Inc, Atlantis Submarines International Inc, Bombardier Inc, Canspec Group Inc, Code Three Emergency Vehicles Inc, Dantec Electronics Ltd, DETAC Corp, Sustainable Technologies Inc, Flora Manufacturing and Distributing Ltd.

One of the companies, Chemical Company Malaysia Bhd (CCM), has signed a letter of intent with a

Canadian fine chemicals manufacturer ACIC Inc to make pharmaceutical building blocks in Malaysia for both local and international markets.

CCM group executive director Oh Kim Sun said the estimated investment may be RM25 million.

"Both companies hope to reach a definite agreement within 60 to 90 days," ACIC president Luciano Calenti said.

Malaysia: SRV Refugee Dies After Rioting; 4 Arrested

BK2001115496 Kuala Lumpur THE STAR in English 20 Jan 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] KUALA LUMPUR — One of seven Vietnamese admitted to the hospital here after Thursday's riot at the Sungai Besi transit camp died on that night.

Do Trung Phen, 34, who was shot, died at about 10.45pm.

A city police official confirmed Do's death.

He said four Vietnamese, including a 15-year-old girl, remained warded at the hospital.

The official also confirmed that two more Vietnamese who were treated for injuries at the hospital had been arrested.

Police had obtained a remand order.

Meanwhile, a magistrate yesterday granted a seven-day remand order for three Vietnamese boat people aged between 19 and 21.

Magistrate Noraisyah Muyop ordered the trio to be remanded for allegedly having weapons during the unrest at the camp.

Another 21-year-old Vietnamese was also remanded for allegedly having ammunition when he was arrested in the camp on Thursday.

Singapore

Singapore Daily Hails 'New Partnership' With Australia

BK2001153196 Singapore THE STRAITS TIMES in English 20 Jan 96 p 36

[Editorial: "New Meaning in Old Ties"]

[FBIS Transcribed Text] GIVE an old, longstanding relationship a new gloss, then renew this with a fresh commitment to common goals, and lo and behold, it takes on added significance. This is what the New Partnership between Singapore and Australia amounts to — an updated friendship which makes sure the ties stay relevant and creative into the next century. Even though the existing relationship has been institutionalised over the years, this is the first time it has been given such formal billing. More importantly, the declaration of a new partnership signals the future direction and purpose of this collaborative enterprise. There is indeed a lot in common between the two countries, and the links are broad and deep. Both are active members of the Asia-Pacific Economic Cooperation [APEC] forum, Asean Regional Forum [ARF] and the Five- Power Defence Arrangements. Bilaterally, both have developed close trade and defence links, and there are numerous social, cultural and educational exchange programmes to keep their peoples in touch. Prime Minister Paul Keating can be credited for shifting Australia's focus to its immediate neighbours. His policy of partnership for mutual interest in order to integrate Australia with the region is a welcome move. He wants a piece of the action in China and Vietnam. He has mended fences with Malaysia, with which Australia has had a stormy relationship, and the security agreement that was signed recently with the Indonesians is a plus for regional stability.

For reasons of geography, if nothing else, Asia looms large for Australia. It is reaching out to the region for very practical reasons, and there is much good to be derived from this development. For Australia, getting hitched to the world's fastest growing area makes eminent sense. This is where its future lies. Australians have discovered, perhaps to their dismay, that they cannot bank on their European heritage when it comes to economic competition and the scramble for markets, be it for beef or manufactures. For South-east Asian countries, closer ties with Canberra will be mutually beneficial. Australia is an advanced and resource-rich country with modern technology and management expertise. They will benefit from Australian trade and investments. To keep Australia out in the cold will be a loss for both sides. Canberra has, for years, maintained a quiet presence in the region. To his credit, Mr Keating is determined to change that by putting Asia high on Australia's priority list. In doing so, he is forging a fruitful relationship, and this approach is manifested in the partnership with Singapore.

There is plenty in common between Singapore and Australia, and the declaration, which covers political, security, economic and cultural cooperation, attests to this. Both are among each other's top 10 trading partners. Last year, about 10,000 Singaporeans studied in Australia, and the number is expected to grow. In many areas, the common interests overlap so much that they can count on each other, be it in Apec or the ARF, to push for open markets and the maintenance of the American military presence to safeguard regional stability. Both are deeply committed to strengthening the World Trade Organisation, and forging close ties between the Asean Free Trade Area and the Closer Economic Relations pact linking Australia and New Zealand. The Singapore-Australia declaration commits the two countries to strengthening their economic links through joint ventures in third countries, partnerships between Singapore and Australian companies, and joint training programmes in research and development. All told, the two countries are embarked on the same journey in quest of the same goals. Australian membership in ASEAN is still a long way off — "over the horizon", as Prime Minister Goh Chok Tong put it. Even though such an enlargement is not going to happen soon, Australia's links with South-East Asia are enduring and they are growing. For now, this is what matters.

Singapore Editorial Lauds Australia's 'Greater Maturity'

BK2001140996 Singapore BUSINESS TIMES in English 20 Jan 96

[Editorial: "Canberra's New Outlook" — received via Internet]

[FBIS Transcribed Text] EVEN if the timing of the Australian Prime Minister's trip to the region had something to do with the approach of that country's next election, it should not all be dismissed as yet another attempt to shore up flagging domestic support with a bit of offshore electioneering. Recent developments on Canberra's diplomatic front show that there has been some hard- headed revaluation of Australia's position in the region.

For instance, Prime Minister Paul Keating's initiatives have changed the very foundations of Australia's relations with Indonesia — its giant neighbour that was for so long seen as its only real military threat. It loomed so large in the Australian mind that even now, weeks after the accord has been signed, it is being intensely debated. His decision to reach out to Malaysia's Prime Minister Mahathir Mohamed also came under sharp scrutiny. Fortunately, the meetings in Kuala Lumpur seem to have been so unexceptional that he may be spared the media sanctimony that usually attends Malaysia-Australia issues.

Clearly, the growth of trade and investments between the region and Australia has been a contributing factor in the reassessment. East Asia, by far, is the market for the greater proportion of Australia's exports. In a survey conducted by the government last year, Australian corporations were reported to be eyeing Asia as their investment destinations, citing strong potential market growth as the main influence. As well, the survey found that Australian investors had earned considerably higher rates of return in Asia than in other regions during the 1980s. ASEAN's share of Australia's foreign investment, although still small, almost trebled, from 1.9 per cent in 1987 to 5.9 per cent in 1994.

But, as much as these things are important, it does not completely explain the difference in outlook from even just a few years ago. In truth, there has been a change in the general mindset of that nation's current leaders. And the explanation for this may be that there is a fresh understanding of Australia's place in the world in the aftermath of the Cold War. That, in turn, seems to have triggered a re-examination of its relations with its neighbours as much as Britain's decision to go into the European Community in the 1960s forced a review of Canberra's links with London in that era.

Until recently, and despite the best efforts of its leaders to put a nice gloss on it, Australia used to see itself as a fragile transplanted European nation. Consequently, it sought to secure its survival through powerful European and American friends. As surrogates of distant allies, it gained some clout in its diplomatic dealings that it otherwise would not have had. But as several commentators have pointed out, most of Australia's traditional allies may have turned away for good. As a result, at least some of its leaders are prepared to see Australians as players on their own account. This is not to say that traditional allies such as the United States no longer have their place. The US military presence is still seen as a regional stabilising force and that relationship will surely endure. But Australia's willingness to engage its neighbours does signal greater maturity of understanding of the neighbourhood and a readiness to test its own ability to deal with it. In so far as such things contribute to the region's stability, they must be welcomed.

Cambodia

Cambodia: Coprime Ministers Accused of 'Demagoguery'

BK2301014696 Phnom Penh SAMLENG YUVEAKCHON KHMER in Cambodian 14-15 Jan 96 pp 1, 5

["This Issue's Comment" column by Chan Sok-Hao: "Policy of Demagoguery and Dictatorship!"]

[FBIS Translated Text] Those who follow the political situation in Cambodia remember that in 1994 there was a serious conflict between a group of traders at the

Olympic Market and the Thai Bun Roong Company. At the time, Co-Prime Ministers Prince Ranariddh and Hun Sen accused Sam Rangsi of launching a campaign of demagoguery to gain support from the traders. In fact, Sam Rangsi was only trying to ensure justice for this group of small and powerless traders.

Who actually launched the campaign of demagoguery? It is the two prime ministers who have been and are following that policy.

At present, both Prince Ranariddh and Hun Sen are playing the trick of paying the people with money the people have earned through much sweat and blood. They are doing this by giving back only one part out of 10 they collect from the people. They are carrying out this "collecting 10 parts and giving back only one part" trick through claims of this and that achievement made by the two prime ministers.

At celebrations of their achievements, the two prime ministers always contaminate the political atmosphere and distort the facts by praising themselves, insulting others, and claiming there is democracy and respect for human rights in Cambodia.

The real situation is that bombs have exploded amid a crowd gathered at an opposition party meeting; the editor in chief of an opposition newspaper was shot to death in broad daylight in the heart of Phnom Penh; four foreigners were shot and wounded in front of the second prime minister's house; the office of an opposition newspaper, SEREIPHEAP THMEI, was ransacked and burned; and many other editors in chief have been fined and even sentenced to prison terms.

Are all these events examples of the so-called "democracy and respect for human rights in Cambodia" that the two prime ministers have claimed?

It would be too light to call the policy that the two prime ministers have been and are continuing to carry out a "policy of demagoguery." It would be more suitable to call it a "policy of demagoguery and dictatorship."

Cambodia: Foreign Waste Dumping in Cambodia Rejected

BK2301061596 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 22-23 Jan 96 pp 1, 2

[Report by Hem Choeun]

[FBIS Translated Text] I would like to declare again and for the last time that I adamantly reject all cases of foreign waste dumping in Cambodia even if this is to be sweetened by offers of modern plants to process them into fertilizer or incenerate them for power. This was a statement made by Second Prime Minister Samdech Hun Sen at the closing of an ecological work conference on 20 January. The samdech went on to assert: If these plants are not ecologically harmful, why don't they build them in their own countries? Why do they have to spend money building them in Cambodia?

The samdech said he has opposed this issue since 1990 because these waste treatment plants would seriously affect the atmosphere and environment. The burning of plastic and other industrial waste would produce radioactive chemicals that could destroy lives on a large scale. If 200,000 metric tons of industrial or plastic waste were burned, we would get an equivalent of one penicillin vial of radio-active chemical. This is not insignificant, he said.

The samdech raised this issue because not long ago one foreign investor approached him with the idea of bringing plastic waste from foreign countries and building a waste treatment plant on an island off Sihanoukville. Samdech Hun Sen also revealed that he was then offered U.S.$5 million as a bribe, but that he rejected the plan.

However, the samdech favored and agreed to the setting up of local cottage industries to recycle waste.

On forest destruction, the samdech appealed to the ministry in charge of the environment and several related ministries to thoroughly study and assess data on the country's forests.

The lack of such specific data on forests has caused a serious clash or conflict with our national economic development efforts, he said. Moreover, it has given certain parties a needed excuse to use ecology as a hot issue that could lead to political strife.

Samdech Hun Sen also clearly stressed that ecology was not in conflict with development and development, in turn, needs ecology. Socioeconomics, culture, and ecology are three indispensable constituents of development. Ecology is not an obstacle against development and forest concessions also do not mean forest destruction.

Concerning the report by some circles that according to recent studies and findings there is a large deposit of minerals under Tonle Sap Lake, Samdech Hun Sen believed that it is better to preserve Tonle Sap and keep it from being exploited for minerals.

Concerning the wrongdoers who have not given up illegal logging, the second prime minister said he continued to give the authorities the greenlight to use the military against these stubborn log poachers.

Cambodia: Editorial Warns of Shift Toward 'Despotic Communism'

BK2301033696 Phnom Penh SAPORDARMEAN WAT PHNUM in Cambodian 15-16 Jan 96 pp 1, 4

[Editorial: "Democracy and Despotism"]

[FBIS Translated Text] In the 1993-96 era of Cambodian society, it is difficult to separate democracy from so-called despotism, because some leaders have misused these words just to gain power. Some leaders have used the word democracy to conceal despotic acts they have carried out to fool the people into believing they are really pursuing democracy in line with the people's wishes.

A strange thing has happened in Cambodia's political scene — some leaders have acted contrary to the people's wishes. They have abandoned liberal democracy and turned to communism and despotism to maintain power for themselves and the small group of their colleagues that waits only to applaud their foolish policy. The statements made everywhere by the big leaders — that Cambodia is pursuing liberal democracy and pluralism — are just demagoguery aimed at maintaining power as long as they can.

The present regime in the Kingdom of Cambodia is using its power against the people's democratic rights without any respect for the principles of liberal democracy.

In a democratic regime, newspapers have the right to criticize the head of government and any leaders who violate the law, are corrupt, have sold national property, have allowed the Vietnamese to enter our country illegally, or have caused all kinds of problems. Editors in chief of various newspapers who dared to criticize the government, such as Nguon Chan and Thu Chhamongkol, have been assassinated. Other editors in chief who dared to criticize are now losing their cases in court and will certainly be jailed on charges of presenting false reports.

At the same time, through all sorts of pretexts, the real nationalists, patriots, and liberal democrats have been ousted from their posts and from the National Assembly and even sent into exile abroad on charges of being the Khmer Rouge II or the Khmer Rouge III.

Normally, democracy advocates and those who pursue despotic communism cannot mix, just like water and oil. Of the two, the democrats enjoy more popular support. This is why the despotic communists have resorted to all pretexts in an attempt to get rid of the democrats.

The people are being misled because the dictators are using the word democracy as a screen to conceal their craving for power and their evil deeds. This is why they are tirelessly carrying out their demagoguery campaigns.

We would like to appeal to those leaders who are playing tricks to hoodwink the people: Please stop using dirty tricks. If you want to lead the country toward democracy, do so directly. If you want to lead the country toward Vietnamese-Chinese despotic communism, make it clear that you intend to do so. Do not claim to advocate democracy while pursuing despotic communism. The country cannot thrive this way.

Cambodia: Troops Launch Successful Attack on KR Hideout

BK2301061296 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 22-23 Jan 96 pp 1, 11

[Report by Peyatro]

[FBIS Translated Text] Government forces made up of troops from the Special Military Region and the Kompong Chhnang, Kompong Speu, and Pursat Operational Subzones launched a joint attack on a Khmer Rouge [KR] hide-out at the border of these three provinces some 60 kilometers northwest of Phnom Penh.

This operation took place in mid-January against a camp southwest of Aoral Mountain. An important enemy arms cache was discovered near the enemy camp in the vicinity of Kroch Chhma and Thmar Bang villages. These were two double-barreled antiaircraft guns and one 105-mm rifle on a tow truck.

Brigadier Som Narin, deputy commander of the Special Military Region, reported from the front line that the rebel arms and ammunition cache, if it had not been captured in time, could have been dangerous to unwary military helicopters flying over the area. All these weapons were primed to fire at government aircraft.

A battalion commander said that during last year's dry season our troops also went to this area but did not find any KR camp or arms cache there. The commander, however, did not elaborate.

According to their plan, the KR appeared to be preparing these weapons to be used against government aircraft returning from Pailin or any unwary patrol planes flying over the area.

The report from the 3d Department of the Special Military Region said that during this large-scale operation, a number of government soldiers were injured by land mines. However, it did not tell how many Khmer Rouge were killed or wounded in this attack.

It further revealed that a Khmer Rouge officer from Battalion 31, Division 85, had surrendered to the Kompong

Chhnang Operational Subzone after government troops entered the area.

Cambodia: Preparations for 'Final Assault' Against Khmer Rouge

BK2501100096 Hong Kong AFP in English 0941 GMT 25 Jan 96

[FBIS Transcribed Text] Aranyaprathet, Thailand, Jan 25 (AFP) — Cambodian forces have regrouped and are bringing up tanks, artillery and 10,000 fresh troops for what is expected to be a final assault against the Khmer Rouge at the nearby border, Cambodian military sources said Thursday.

A Cambodian army captain, speaking anonymously, said at the border here that 10 Israeli-and European-made tanks and at least 10 heavy artillery pieces have arrived near the border town of Poipet with some additional soldiers.

"With the reinforcements of the tanks, artillery and troops, we believe we'll be able to penetrate west toward Phnom Malai," the captain said.

Phnom Malai, the rebels' mountain stronghold southwest of here, is protected by frontline bases at Phum Klar Ngap to the east and Hill 25 further east. All the rebel positions lie south of Laem Nong Ian, where Thailand protrudes some 10 kilometers (six miles) into Cambodia.

Phnom Penh launched an unsuccessful assault on Hill 25 on January 17 and suffered heavy casualties, especially in its special warfare units attached to the 3rd division.

The captain said Phnom Penh wanted 1996 to be the "year of the development of Cambodia," and had ordered that the communist Khmer Rouge, considered an obstacle to development, be crushed.

On Thursday, the Khmer Rouge fired two mortar shells at Poipet market in the early morning, injuring at least two people, and fired two more shots at midday, Thai border officials said. Government artillery responded with five shells.

There are tiny pockets of Khmer Rouge all over Cambodia but most are concentrated in the Pailin area. Phnom Penh apparently feels it can deal the Khmer Rouge a mortal blow if it can take and hold Pailin, sources said.

Cambodia: Khmer Rouge Reports Government Casualties in Poipet

BK2301070196 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 22 Jan 96

[FBIS Translated Text] On 17 January, our national army fired five artillery shells into Poipet market on the Sisophon-Poipet battlefield, killing or wounding 40 enemy soldiers.

Due to chaos in Poipet, enemy commanders such as Nhoek Bunchhai, a border cattle rustler, immediately fled to Sisophon.

Nhoek Bunchhai came to Poipet only on his boss' order and to fulfill his duty. While there, he was in great panic and was always prepared to flee whenever he heard anything unusual. Wherever he went, he was always anxious, fearing that the national army and the people may attack and kill him.

Cambodia: Khmer Rouge Claimed Military Successes Reported

BK2201031196 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 21 Jan 96

[FBIS Translated Text] On 16 and 17 January, the National Army jointly with our people attacked two-headed troops launching operations on the Sisophon-Poipet battlefield.

1. On 16 January, 300 enemy troops moved out of Daeum Kakaoh and (Tumnop Sam Pram) in an attempt to launch operations. When they reached an area not far from their positions, we ambushed and pushed them into our punji and mine fields. They ran over our punji stakes and mines, resulting in six killed and nine wounded. The survivors fled back to the Daeum Kakaoh position. We seized a quantity of war materiel.

2. Also on 16 January, we ambushed enemy troops and pushed them into our punji and mine fields in an area north of Ta Kong, killing seven and wounding eight. Five tanks were forced to retreat and hide inside the canal.

We are surrounding and attacking both infantry forces and tanks.

3. On 17 January, we sniped enemy troops moving out of Daeum Pring and [Chramos Chruk] attempting to remove our punji stakes. They fled and fell into our punji and mine fields, resulting in 11 killed and 25 wounded. Survivors retreated to the Daeum Pring position.

4. Also on 17 January, enemy troops moving from [Kon Damrei] in an attempt to link up with their colleagues at [Sras Chhuk] were ambushed by us. They were pushed into our punji and mine networks, resulting in three killed and five wounded.

5. On 17 January, 300 enemy forces from Divisions 12 and 7 again moved out of the Daeum Pring position. We ambushed them at an area about 100 meters from their position. They fled in disarray and ran over our punji stakes and mines, resulting in 30 killed or wounded.

As a result of our attacks on the Sisophon-Poipet battlefield, we killed or wounded 95 enemy forces and destroyed a T-54 tank on 15 January, killed or wounded 104 enemy soldiers on 16 and 17 January, killed or wounded 35 enemy forces and captured seven others on 18 January.

In sum, from 15 to 18 January, we killed or wounded 234 enemy forces and destroyed a T-54 tank.

Cambodia: Khmer Rouge Reports Rout of Government Forces

BK2501054996 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 24 Jan 96

[FBIS Translated Text] The following is a report on our National Army's routing the two-headed invading forces and capturing four more two-headed positions on the Sisophon-Poipet battlefield:

After routing and forcing the two-headed invading forces to flee, our National Army of Democratic Kampuchea fighters continued with mopping-up operation and managed to capture four more two-headed positions, namely Daeum Pring, Daeum Kakaoh, Daeum Snuol, and Kouk Thom on 22 January.

We continued to smash the enemies at the head of the Sangke Ya river bridge, killing nine enemy soldiers and wounding 18 others. We also destroyed two AK's, a 12.7-mm gun, and a (Kenwood) field radio; and seized a quantity of armaments, ammunition, and war materiel.

The remaining routed two-headed soldiers swam across the Kop river and fled toward the north and Route 5.

Cambodia: Khmer Rouge Describes Claimed Victories

BK2501060196 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 24 Jan 96

[Unattributed commentary]

[FBIS Translated Text] Since 15 January, the two heads' troops, who have been invading and killing the people on the Sisophon-Poipet battlefield, have been routed and disintegrated completely. This event has stunned the whole world.

Just two days ago, nearly 300 of the two-headed troops were killed or wounded; many were reported missing, while some 200 were routed. They ran away like a herd of cows. Two T-55 tanks were burned and many armored personnel carriers and heavy and light weapons were destroyed and others seized. These were then used by the National Army and people for a counterattack.

The two heads have suffered the most shameful defeat. In such a situation, the old and new enemies as well as the two heads can do nothing to bail themselves out.

1. Where can they muster more soldiers to fight? Less than 10 percent of their old soldiers are now left, and troops continue to be killed in the hundreds. They can no longer resort to fascist acts to forcibly arm the people as militiamen and send them to fight. The people are fighting back everywhere.

2. The remaining old troops have been routed. They have run away several times, and are bogged down and beaten on all fronts.

3. Suppose they can muster some of the worn-out soldiers from various areas. Can they do anything? No. Because they are all [word indistinct] who have lost the determination to fight. They have been utterly defeated. They are terrified, like a drowned rat, of being attacked by poisonous and poison-tipped stakes. They have been routed. They ran away like a herd of cows countless number of times.

Look at [General] Prum Samen. This guy was already utterly defeated on the Preah Vihear-Siem Reap battlefield. Now, he is suffering from even more serious defeats on the Sisophon-Poipet battlefield. He can no longer do anything.

Cambodia: Khmer Rouge Makes Preparations for Government Attack

BK2501092096 Hong Kong AFP in English 0832 GMT 25 Jan 96

[FBIS Transcribed Text] Nimith, Cambodia, Jan 25 (AFP) — Fearing massive defections and a large loss of food, the Khmer Rouge have ordered thousands of peasants living in villages along the Thai border to move deeper into Cambodia, defectors and top military officials here said Thursday.

The orders issued by senior cadres on Wednesday coincided with commands to mine and booby trap areas between the new village sites and Thailand, said defector Nou Sokhon, 52.

"We were ordered to move our houses six kilometers (four miles) east," Nou Sokhon said in his temporary home in a barracks at the headquarters of the Cambodian army's Division 12. "They said it was for our protection."

He and his family left O Cheouk Kram village, just 50 meters (yards) from the border near the Khmer Rouge stronghold of Pailin, early on January 14 and fled into Thailand where they traveled by foot and private, Thai-owned trucks to Aranyaprathet.

Nou Sokhon also confirmed reports rumored for more than a year that the Khmer Rouge had defrocked all Buddhist monks in areas under their control and had recollectivized personal property, including farm land and vehicles.

Senior military officials here and in the border town of Poipet, 12 kilometers (7.4 miles) to the east, said the orders likely were intended to make it harder for the villagers to flee an expected government offensive and for them to sell rice and vegetables to Thais living nearby.

"The Khmer Rouge are very nervous and by moving the villages east it is easier for them to control these people," said one division commander. "If they allow them to live near the border it is easy for them to escape."

No Sokhoun, who said he had been a farmer and part time school teacher, said the cadre in his village also had recently ordered families to increase their production of sharpened bamboo, or punji sticks, which are used as a defense against advancing foot soldiers.

"We were told to make 600 every 10 days," he said, adding that some families had been unable to meet the quota and were punished. He would not elaborate.

Meanwhile, the Khmer Rouge ended a week-long break in the shelling of Poipet, sending two 76.2 mm mortar shells into the town's market early Thursday morning from their position at nearby Phum Klar Ngap.

Two women were wounded in the attack. Cambodian troops responded shortly before midday, firing two 120 mm shells back at the guerrillas, officials in Poipet said.

Sporadic fighting also continued around Phum Klar Ngap and adjacent Hill 25, but no casualty figures were available.

Cambodian military officers also strongly disputed earlier estimates by Thai border officials that at least 50 Cambodian troops had been killed in assaults during the past week on Hill 25 and Phum Klar Ngap.

Cambodian commanders said less than 20 soldiers had been killed, and that the Thai figures may have included fighters from both sides and civilian deaths from the rebel shellings of Poipet since the beginning of the year.

Indonesia

Indonesian Commentary on New Russian Foreign Minister

BK2401110596 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 24 Jan 96

[Station commentary: "Russia-U.S. Ties Face Setback"]

[FBIS Translated Text] U.S. officials in Washington say Moscow has changed its stand on the nuclear weapons security inspection agreement announced by President Bill Clinton and President Boris Yeltsin during their summit meeting on 10 May. The change in Russia's stand is a setback for Russia-U.S. ties even though it is confined to one particular area.

The setback was probably expected when Yeltsin appointed Yevgeniy Primokov as Russia's new foreign minister to replace Andrey Kozyrev, described by the Communist and nationalist factions in the Russian parliament as a pro-West official. Primokov used to serve as head of the Foreign Intelligence Service. Whoever replaces Kozyrev is destined to change Russia's foreign policy, even if the change is not in substance but rather in how to achieve its objectives. Russia will reconsider its compliance with the disarmament treaties if NATO expands its membership to include Eastern European countries.

Russia-U.S. ties were already strained before Moscow stopped implementing the nuclear weapons security inspection agreement, not only by the replacement of Russia's foreign minister, but also by the removal of almost all pro-West reformers from their posts. Yeltsin may need to implement these changes if he is to run in the presidential elections in July. These changes also seem to suggest that Moscow wants to say it is up to the West to persuade Russia to continue with cooperative ties.

Indonesia: Released German Hostage Gives News Briefing

BK2401092596 Jakarta ANTARA in Indonesian 1534 GMT 23 Jan 96

[FBIS Translated Excerpt] Jakarta, 23 Jan (ANTARA) — Daniel Yudas Kogoya, GPK [security disturbance movement] leader, who masterminded the abduction of a group of researchers in Irian Jaya, is not only a person without principles, but also has a fetish for military insignia.

Speaking to reporters in Wamena on Tuesday evening, former hostage Frank Momberg, 31, said Yudas has unique traits which are easily distinguished from other local people.

The German national spoke to the press on Monday evening along with another released hostage Yakobus Wandikbo, but only for 10 minutes.

Momberg said he had taken advantage of Yudas' unprincipled character to persuade him to contact ABRI [Armed Forces of the Republic of Indonesia] and request the dispatch of several clergymen to the village to act as mediators. Yudas is not a native of Mapenduma village [where the hostages are being held], and is only using the village as a place of detention.

Momberg also repeated what he had said a day earlier that the hostages were being treated well by the Mapenduma villagers. Female hostages, including Martha Klein, who is pregnant and escaped unscathed from a fatal boat accident in Komodo island in July 1995, are being treated well by the villagers. "The abductors do nothing but watch our movements," Momberg said.

Since it is difficult to distinguish the villagers from the abductors, Momberg stressed that security authorities absolutely must not launch a military operation to free the hostages.

"The remaining hostages said the current negotiations should continue, and the authorities must not resort to other means," said Momberg, who this time looked cheerful and posed for pictures with reporters many times.

Many of the abductors are not dressed properly. The men only wear koteka [penis sheath].

"It is impossible to resort to other means. Negotiation is the only option," he said, adding that loss of life will result if other means are taken.

ABRI authorities have rejected the term negotiation on several earlier occasions.

Momberg admitted that ABRI's persuasive approach may not solve the hostage-taking case within a short period of time. He said similar hostage-taking cases in other countries had taken months to resolve.

Momberg's detailed interview took place when he was "intercepted" by correspondents who saw him enter the Baliem Valimo Hotel to borrow a sophisticated telephone set belonging to German Defense Attache Bruno Havenpusch. [passage omitted]

Indonesia: Kidnappers 'Deliberately Buying Time'

BK2401094896 Jakarta REPUBLIKA in Indonesian 24 Jan 96 p 20

[Unattibuted report]

[FBIS Translated Excerpt] Wamena — As of yesterday, the hostage drama has been underway for two weeks. The Irian Jaya security disturbance movement (GPK) is still holding 13 hostages. There are signs that they are buying time; as of yesterday the rebels no longer requested that a mediator be sent to the hostage site. According to a worker, the security forces waited the whole day for contact via a single side band (SSB) radio, but there was none.

M.L. Setya, a churchman and member of the Jayawijaya District House of Representatives, said the GPK is deliberately buying time. "What's more, they continue to ask for logistical aid and medicine. This is a deliberately move to stall for time," he said to journalists yesterday. Setya believes there is a slim possibility that the hostages will be released soon. [passage omitted]

Indonesia: Rebel Leader Joins Forces With Kidnappers

BK2501055396 Jakarta KOMPAS in Indonesian 25 Jan 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Wamena, KOMPAS — Kelly Kwalik, the top leader of the Irian Jaya GPK [security disturbance movement] belonging to the Amungme tribe in Timika, has joined Daniel Yudas Kogoya, another GPK leader from the Nduga tribe, who mastermined the abduction of foreign researchers and local people. Kelly Kwalik even spoke three times to Jayapura Bishop Mgr. HFM Munninghoff through the SSB (single side band) radio on Wednesday (24 January).

At Kwalik's request, Bishop Munninghoff and another clergyman, Andrian van der Bijl, are scheduled to fly to Mapenduma, Tiom subdistrict, Jayawijaya district, on Thursday morning if weather permits.

Munninghoff has been in Wamena since Tuesday joined by three other clergymen to try to persuade the abductors to release 13 hostages, six of whom are foreigners, in a hostage-taking drama that has entered its 18th day.

Kelly Kwalik was once Munninghoff's student, but the two men have not met in the last 22 years. Kwalik has been behind a series of activities of a group calling itself OPM [Free Papua Movement]. He once worked as a teacher in Jayapura, but he quit his job in 1977 and led the OPM struggle in the jungle.

Military sources in Wamena were unable to determine when Kwalik entered Mapenduma. There is no explanation as to why security forces, who have reportedly surrounded Mapenduma, failed to detect Kwalik's arrival.

Along with three other clergymen, Munninghoff flew to Mapenduma last week, and they even managed to persuade Daniel Kogoya to free Frank Momberg, a German national. Now Momberg is a free man in Wamena.

The military source said Munninghoff and Kwalik made radio contact at 1000, 1200, and 1400 Eastern Indonesian Time. During the conversations, Munninghoff strongly demanded that Kwalik release all the hostages, but Kwalik in return asked to meet with Munninghoff.

The source quoted Munninghoff as saying that Kwalik spoke politely during the radio contacts and appeared to have high respect for the bishop. Kwalik also asked for the dispatch of daily supplies, such as rice, sugar, batteries, and flashlights.

The planned meeting between Munninghoff and Kwalik is a follow-up to an earlier meeting between three clergymen and the abductors in Mapenduma on Monday, which managed to persuade Daniel Kogoya to release Yakobus Wandiba, a local hostage.

Asked whether the hostages can be freed this week, the military source was not sure. The abductors will most likely continue to detain hostages whom they consider valuable, including the foreigners. "We cannot demand that the abductors release certain hostages, such as Martha Klein, who is pregnant," said the source.

An intelligence unit's assessment said that a time limit for the release of the hostages cannot be imposed, and a persuasive approach will continue to be applied. This approach includes the clergymen's influence among the abductors. [passage omitted on local community leader's call for military action against abductors]

Indonesian Military on Rebel Leader's Joining Kidnappers

BK2501083496 Jakarta ANTARA in Indonesian 0219 GMT 25 Jan 96

[FBIS Translated Text] Wamena, 25 Jan (ANTARA)—ABRI [Armed Forces of the Republic of Indonesia] is not surprised that Kelly Kwalik, top leader of Irian Jaya GPK [security disturbance movement] has joined forces with Daniel Yudas Kogoya, another GPK leader who masterminded the abduction of the foreign hostages. ABRI will continue to adopt a persuasive approach in efforts to free the hostages who are members of the 1995 Lorentz expedition.

"We are not surprised to hear the news, and in fact we expected this to happen because the area where the hostages are being held belongs to Kelly Kwalik," Brigadier General Suwarno Adiwijaya told ANTARA in Wamena on Thursday, adding that ABRI already knew that the hostage-taking incident was under Kwalik's command.

"From the beginning, we knew that Kwalik masterminded the abduction because Kogoya's area of operation is along the border with Papua New Guinea," said Suwarno.

Replying to reporters' question on prospects for the hostages' release, Suwarno said it will take a long time because from the beginning, Kelly Kwalik has been the man behind the abduction.

Kwalik is a leader of an area in southern Irian Jaya, which covers the working area of Freeport Co. Ltd. and is occupied by the Amungme tribe, to which Kwalik belongs.

The latest violence masterminded by Kwalik was terrorist acts against Freeport employees in 1993-94. When ABRI tried to capture him, it resulted in the Timika incident in 1995, where 16 villagers and four of Kwalik's relatives were killed.

People in Wamena have expressed fears that the hostage-taking incident will take longer to resolve as the GPK bargaining position [two preceding words in English] is getting stronger.

Brig. Gen. Suwarno declined to comment, but he said diplomatically that ABRI continues to believe that Kwalik is behind the abduction.

When asked whether the new situation will make the crisis last longer, Suwarno said he cannot give a definite answer. "ABRI headquarters will continue to monitor new developments," he said.

He said there are both positive and negative impacts on the union between Kelly Kwalik and Kogoya. The positive one is that ABRI will be able to hold direct talks with the decision maker, not his subordinates.

"As for the negative impact, talks will have to go back to square one again," he said.

ABRI continues to believe that none of the foreign researchers will be murdered in the hostage-taking drama which is entering its 17th day.

The abductors will keep the hostages alive because they want to gain sympathy not only from the international community, but also from other tribes, which have thus far given lukewarm support to the Irian Jaya GPK.

Indonesia: Bishop Flies to Jungle for Kidnapper Talks

BK2501045596 Hong Kong AFP in English 0428 GMT 25 Jan 96

[FBIS Transcribed Text] Jakarta, Jan 25 (AFP) — Irian Jaya's Catholic bishop flew into the jungle Thursday to hold talks with a separatist rebel leader whose group is holding 13 hostages, including six Europeans, a military officer said.

"Bishop (Herman) Munninghoff flew off this morning, apparently to meet (rebel leader) Kelly Kwalik," regional Wamena military commander, Lieutenant Colonel Sumerta Ayub, told AFP by phone.

Wamena is the nearest town to the mountainous, jungle-clad area of Mapenduma where the rebels took 26 people hostage on January 8.

Since then, the kidnappers have released 13 hostages.

"Today's meeting is very important, and will decide what our next step is," Ayub said when asked if military action was an option for the near future.

Kwalik, one of the leaders of the separatist OPM (Free Papua Movement) group, has known Munninghoff for decades and was a former student of the bishop.

Kwalik made his first radio contact with the authorities on Wednesday, and also had three conversations with Munninghoff in which he also demanded some food and other basic supplies, Ayub said.

"The plane this morning only carried Munninghoff and another church official, but we're not sending any supplies. If we keep accommodating their wishes, they'll just ask more," said.

The rebels are still refusing to hold face-to-face discussions with the military, and will only hold talks with local church officials, who have been acting as mediators for the past two and a half weeks.

Ayub said it was unclear when Kwalik joined the kidnappers, who were previously under the leadership of Daniel Kogoya, another OPM figure from the local Nduga tribe.

Meanwhile, local parliamentarian Jaap Salossa called for the authorities to deploy military action against the rebels soon.

"Even if the military operation happens to take victims amongst the local community and the hostages, we all have to accept it," Salossa told the ANTARA news agency from the provincial capital of Jayapura.

German citizen Frank Momberg, one of the hostages freed last week, warned against any military action to free the captives.

"The rest of the hostages all want the negotiations to continue as it does now, and (for the military) not to take any other steps," he told ANTARA.

A source here said Tuesday that the WWF (Worldwide Fund for Nature) representative in Jakarta, Russel Betts, received a letter from Dutch hostage Mark Van Der Wal, a WWF colleague, that expressed concern for the remaining hostages' safety.

"As more time passes, the more we fear for our safety ... time is crucial," the source quoted Van Der Wal as saying in the letter dated Sunday. London-based Amnesty International Tuesday condemned the rebels' hostage-taking actions, but also called on the Indonesian Military to take actions that "do not violate human rights."

OPM has been fighting for an independent state since the former Dutch colony of Western Papua was incorporated into Indonesia in 1964.

The hostages were working on a scientific expedition in Irian Jaya being carried out by the WWF.

The Europeans being held are Britons Daniel Start, 21, William Oates, 22, Annette van der Kolk, 21 and Anna McIvor, 20, plus Van Der Wal and UNESCO environment official Martha Klein, both of the Netherlands.

Indonesia: Churchmen-Kidnappers Talks 'Fruitless'

BK2501124096 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 25 Jan 96

[FBIS Translated Text] Two churchmen assigned as mediators to secure the release of hostages held by the Irian Jaya security disturbance movement [GPK] returned to Wamena this afternoon without any hostages. Their talks with the GPK were fruitless. Jayapura Bishop Monsignor Munninghoff and Pastor Adrian van der Bijl returned to Wamena Airport from the hostage site in Mapunduma Village where they met GPK leaders Kelly Kwalik and Daniel Yudas Kogoya. The two mediators flew to Mapunduma Village aboard a Cessna aircraft. They were greeted by the defense attaches of the German, British, and Netherlands embassies upon arrival at the airport. Also present was Frank Momberg, a WWF [World Wildlife Fund] activist and former hostage.

Meanwhile, the ABRI [Armed Forces of the Republic of Indonesia] once again dropped food on Mapunduma Village following a request by the GPK. The food will be consumed by the 13 remaining hostages, who include six foreigners.

Indonesia: Member of GPK-Fretilin Surrenders to Military

BK2201115996 Jakarta SUARA KARYA in Indonesian 20 Jan 96 p 11

[Unattributed report]

[FBIS Translated Excerpt] Dili (ANTARA) — Vicente Lourdes (40), a member of the "Lere"-led group of the GPK-Fretilin [Security Disturbance Movement-Revolutionary Front for an Independent East Timor] turned himself in to the local community and security forces in Bobotao Village, Iliomar Subdistrict, Lautem District on Thursday (18 January) at about 1340 Central Indonesian Standard Time.

"Vicente Lourdes voluntarily turned himself in to a territorial battalion post of the 612/MD [expansion unknown] Airborne Infantry Battalion 612/MD led by First Sergeant Bakir. He was accompanied by Denis Pinto, a local resident," Captain (Reservist) L. Joko Purwadi, head of the Information Service of the 164/Wiradharma Military Area Command, told ANTARA in Dili on Friday evening. [passage omitted]

First Sergeant Bakir asked Vicente whether he had brought any weapons with him. Vicente said he had a weapon in Vatomar Village, about two kilometers from the post.

A "Minimi"-type gun, 140 rounds of 5.56-calibre bullets, and 32 rounds of 7.62-calibre SP-type bullets were found during the search. [passage omitted]

Indoneisa: 12 East Timorese Youths Enter Polish Embassy

BK2501095296 Hong Kong AFP in English 0912 GMT 25 Jan 96

[FBIS Transcribed Text] Jakarta, Jan 25 (AFP) — Twelve young East Timorese entered the Polish embassy in Jakarta on Thursday and demanded asylum in Poland, embassy spokesman Jacek Grabowsky said.

"They came around eleven this morning and they asked for asylum in Poland," Grabowsky said.

The twelve were the latest in a steady stream of East Timorese to have asked for asylum at foreign embassies. Since last September 50 East Timorese youths have been granted asylum in Portugal.

"We have contacted our ministry in Poland and we are awaiting instruction," Grabowski said.

He added that since none of the embassy staff spoke Indonesian and none of the East Timorese spoke English well, communication with them was difficult.

Some ten policemen were seen in front of the embassy later Thursday, an AFP photographer said, adding that the East Timorese were inside the building and not visible.

"Up to now, they are asking asylum in Poland but maybe in the course of time, they may ask to go to other countries," he added.

Portugal severed ties with Indonesia shortly after the latter invaded and annexed the former Portuguese colony of East Timor in 1975.

The following year Jakarta declared the troubled enclave an Indonesian province, a move not recognised by the United Nations, which still views Lisbon as the administering authority.

Portugal has taken all East Timorese asylum seekers so far.

Laos

Laos: Agreement Reached on Rail Link With Thailand

BK1301132596 Bangkok THAILAND TIMES in English 13 Jan 96 p A 1

[Unattributed Report]

[FBIS Transcribed Text] Vientiane — Laos and Thailand yesterday reached an agreement to build a historic railroad linking the two brother countries, Transport and Communications Minister Wanmuhamatno Matha said.

A memorandum of understanding was signed between Wanmuhamatno and his Laotian counterpart Phao Bounnaphon to build a rail link from Nong Khai to Vientiane in Laos.

Under the agreement, Thailand will first complete construction of its section of the rail link up to the Thai-Lao Friendship Bridge in Nong Khai province within eight months, while Laos will start building from Tha Naleng to the foot of bridge.

Prior to inauguration of the rail link, the State Railways of Thailand and Laos will hold training courses for employees of both organizations and will agree profit sharing. [sentence as published]

The two countries will also set up a joint committee to conduct a detailed feasibility study of their state railway organizations.

The meeting asked both countries to reach an accord following the fifth Thai-Laos joint committee meeting held on November 8-9, last year.

The joint meeting agreed to amend the 1978 cross border goods transportation agreement while negotiations proceed.

Laos also asked Thailand that the content of an amended agreement should cover goods transported across the border to third countries.

While the amendments to several agreements are under consideration, goods may be allowed to cross the border, but the joint meeting encouraged drivers transporting such goods to drive carefully.

The Laos government additionally requested Thailand not to collect tax for goods crossing the Laos border and to accept driving licenses issued by Laos.

According to Phao, Thailand has agreed to meet these requirements.

Now a working committee needs to be set up to study in detail the regulations and objectives of both countries.

Both sides also negotiated the construction of the second bridge across the Mekong river linking Houai Sai and Bokeo in Laos and Chiang Khong of Chiang Rai province in Thailand and was instrumental in settling access to the upper Mekong river by the shipping lines of Laos, Thailand, China and Burma.

Laos: Agreement Reached To Expand Cooperation With India

BK2001113496 Delhi All India Radio Network in English 0245 GMT 20 Jan 96

[FBIS Transcribed Text] India and Laos have agreed to expand cooperation in several areas. Agriculture, human resources development, mining, and infrastructure development in Laos are among the fields identified for strengthening bilateral ties. The entire gamut of relations between the two nations came up for review at the talks between the external affairs minister, Mr. Pranab Mukherjee, and the president, the prime minister, and the foreign minister of Laos in Vientiane yesterday.

The foreign minister of Laos, Mr. Lengsavat, and Mr. Mukherjee discussed further cooperation in various international fora. Mr. Lengsavat supported India's stand that the Kashmir issue should be resolved bilaterally by India and Pakistan.

Lao Defense Minister Receives Indian Delegation

BK2301121496 Vientiane KPL in English 0912 GMT 23 Jan 96

[FBIS Transcribed Text] Vientiane, January 23 (KPL) — Lieutenant General Choummali Sai-gnason, minister of national defence, on the morning of January 21 received here Mr. Pranab Mukherjee, Indian minister for external affairs, and his delegation during their three-day official good-will visit from January 19 to 21.

On this occasion, the guest and the host exchanged views on the relationship and co-operation between the two countries, particularly the relations between Indian and Lao Defence Ministries.

The two ministers shared the view that their relations have long been existed and are being constantly developed. They also exchanged views on future co-operation.

Lt. Gen. Choummali gave thanks to the friendly government, people, and army of India for their support and assistance in the past and at present.

He also wished the visit to Laos by Mr. Mukherjee and his high- level delegation a great success.

Philippines

Philippines Agency Reportedly Uncovers Plot To Bomb CIA

BK2501090496 Jakarta KOMPAS in Indonesian 25 Jan 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Manila, KOMPAS — The Philippine intelligence agency has uncovered a plot by an international terrorist group that plans to drop a bomb from a plane on the CIA headquarters. The plot is aimed at humiliating the United States.

KOMPAS correspondent Barbara Mae Dacanay quoted Rafael Alunan, Philippine secretary of the interior and local government, as saying that the international terrorist group wants to create panic at the CIA headquarters in Langley, Virginia and humiliate the U.S. Government. The move is also part of the group's strategy to expand its activities to other parts of the world.

Alunan said that intelligence reports compiled by the Philippine authorities and the UN call for the eradication of international terrorism have prompted the Philippine Government to draft several antiterrorism bills and submit them to Congress. The bills have been strongly criticized by several groups in the Philippines because they may lead to the revival of emergency laws like those that existed during the late President Ferdinand Marcos' time.

Alunun dismissed allegations that the bills are not democratic. He said that the threat of international terrorism in the Philippines and other parts of the world is real and that this is what prompted the government to draft the bills.

There are no details on how the CIA headquarters will be attacked, but Alunan said the terrorist plot was uncovered in computer data belonging to Ramzi Ahmad Yusuf. The computer data was obtained when the authorities arrested Abdul Hakim Murad, who was suspected of trying to assassinate Pope John Paul II in January last year.

These men were also involved in the plot to bomb U.S. commercial planes serving the Asia-Pacific region as well as the explosion aboard a Philippine Airlines plane flying from Cebu to Narita, Japan in December 1994.

Philippines: Diplomatic Ties With Singapore Restored

BK1701071196 Quezon City Radio Filipinas in English 0230 GMT 17 Jan 96

[FBIS Transcribed Text] The Philippines and Singapore yesterday restored full diplomatic ties, eight months after a near break over the hanging of Filipina maid Flor Contemplacion.

President Ramos announced an official end to the bitter diplomatic row with the appointment of new ambassadors by each country.

Mr. Ramos said, in a statement, that this exchange attests to the fact that the Philippines have definitely placed the Philippines- Singapore diplomatic relations back on the right track. The two countries traditionally have been close allies in the seven-member Association of Southeast Asian Nations. The president said that the bilateral relations are now considered normalized.

Alberto Encomienda, a seasoned envoy with more than 20 years of diplomatic service and currently ambassador to Malaysia, will take over the post in Singapore. The Philippines welcomes the designation of Simon Tensing de Cruz as Singapore's new ambassador to Manila.

The two countries downgraded diplomatic ties by pulling out their ambassadors and came close to a complete break after Singapore hanged Contemplacion for double murder in March last year.

The execution of the mother of four sparked nationwide protests in the Philippines even though Contemplacion had confessed to killing another Filipina maid and a four-year-old Singaporean boy in 1991. Filipinos, claiming Contemplacion was framed, torched thousands of Singaporean flags and gave her a heroine's burial in her hometown. The story inspired three hugely successful movies. Singaporean Prime Minister Goh Chok Tong scraped a scheduled visit to the Philippines and then afterwards caused heads to roll in Manila's foreign and labor ministries.

Mr. Ramos suspended nine diplomats and labor officials after accusations they did not do enough to protect Contemplacion's interests. Then, Foreign Secretary Roberto Romulo was forced to resign, which prompted him to remark that his government had gone berserk over the affair.

The controversy over Contemplacion finally eased in July when autopsy results conducted by a panel of U.S. forensic experts backed Singaporean findings pointing to the maid as the killer.

The affair spurred an inquiry into the plight of about 4 million Filipinos working overseas, including 60,000 in Singapore. Most work in menial jobs while thousands of others work as night dancers and prostitutes. Manila officials said they expected the government to lift a ban on the sending of maids to Singapore shortly.

Mr. Ramos said, and I quote, our respective officials will pursue with added vigor their efforts to continue expanding and improving bilateral relations in all fields, most especially as regards the situation of Filipino nationals working in Singapore, unquote.

He said the decision to appoint new ambassadors was in accordance with an agreement he reached with Goh when they met in Bangkok last month during a summit meeting of ASEAN leaders.

With this new development, the president said, Filipino and Singaporean officials will pursue with added vigor their efforts to continue expanding and improving bilateral relations in all fields, most especially as regards the situation of Filipino nationals working in Singapore.

The president said he appointed Encomienda as the Philippine envoy to Singapore because of his imminent professional qualifications and of his extensive experience in both diplomatic and consular posts.

Encomienda will assume his new post after he has completed all his farewell calls and terminated all his other functions as Philippine ambassador to Malaysia.

The president has designated acting Labor Secretary Jose Brillantes as the Philippines' new envoy to Malaysia.

Philippines Police Informer: Arrest of Terrorists 'Fake'

BK2201075196 Quezon City MALAYA in English 17 Jan 96 pp 1, 10

[Report by Aldwin Fajardo and Gerry De Belen]

[FBIS Transcribed Text] A highly placed source said yesterday that military and police officials ignored information on the April 1995 attack on Ipil town in Zamboanga del Sur.

The information was allegedly given by Edwin Angeles, former Abu Sayyaf leader turned police agent, shortly after his surrender last February, the source added .

The source said that Angeles' information, which included several target areas, was reported by the PNP [Philippine National Police] to Interior Secretary Rafael Alunan III.

The source declined to name the official of the Directorate for Intelligence to whom Angeles gave the information.

He said Angeles was among Abu Sayyaf leaders who in December 1994 plotted a series of attacks in General Santos City, Zamboanga del Sur, Davao, Basilan, Tawi-Tawi, and South Cotabato.

The planned attacks were reportedly intended to demonstrate the capability of the Al-Harakat Al-Islamiya, or the Islamic Movement.

He said Angeles was of the position that a single attack could prove the Abu Sayyaf's capability. The other leaders disagreed, forcing him to leave the terrorist group.

"The plan went out of hand and other Sayyaf leaders opted for a more gruesome attack," the source said.

Angeles would neither confirm nor deny this. He only said he still has bombshells to explode in the coming days.

Sen. Juan Ponce Enrile (LP) [Liberal Party] said he filed an anti-terrorism bill based on the series of arrests of suspected foreign and local terrorists and on the confirmation of the AFP [Armed Forces of the Philippines] Intelligence Command [IC] that the Ipil raid was perpetrated by the Abu Sayyaf which is said to be financed by foreign terrorists.

Angeles earlier said the arrests were "fake," and the supposed presence of international terrorists in the country was expected to convince legislators on the need for an anti-terrorism law.

Enrile's proposed anti-terrorism act is being criticized for its provisions that would allegedly lay the groundwork for martial law.

PNP Chief Recaredo Sarmiento has created a four-man panel to investigate officials of the PNP Intelligence Command for "failing to quarantine" Angeles.

The PNP the other day revived a series of kidnapping and illegal detention cases against Angeles, and had him arrested by virtue of four arrest warrants issued by a Basilan regional trial court.

Angeles is in the custody of the NBI [National Bureau of Investigation].

Sarmiento said the fact-finding board will also look into Angeles' earlier allegations that top police officials, including Alunan, conspired to plant evidence on the arrested foreigners.

Alunan earlier directed Sarmiento to look into the possible culpability of PNP-IC officials in using Angeles in its operations.

A ranking PNP-IC official, speaking on condition of anonymity, said they are administratively liable for "intelligence lapses" on the Angeles case.

"I know we are administratively liable at one point but we did that to serve national security and to serve greater public interest," the official said.

The same official said Angeles had been a credible "consultant" which led to "a number of successful intelligence operations," including the seizure of an arms cache during a police raid on the Muslim compound in Culiat, Quezon City.

But he refuted Angeles' claims that the police planted evidence on the arrested alleged terrorists.

Philippines Columnist on Return to Martial Law Issue

BK1801121196 Manila BUSINESS WORLD in English 18 Jan 96

[From Ninez Cacho-Olivares's "My Cup of Tea" column: "By Another Name"]

[FBIS Transcribed Text] Let's get something clear: Fidel Ramos is not going to impose martial rule — at least, not in the way his cousin, Ferdinand Marcos, did it.

The Constitution vests Ramos with the power to suspend the privilege of habeas corpus and place the country or any part of it under martial law, when the situation warrants it. However, if he declares martial law, it can last for only 60 days. Besides which, 48 hours after its declaration and imposition, the president is required to submit a report to Congress, which is vested with the power to either revoke or extend the declaration and suspension.

Moreover, the Supreme Court may review the presidential and congressional act and must promulgate its decision within 30 days after a case is filed. Then too, a state of martial law does not suspend the operation of the Constitution or "supplant the functioning of the civil courts or legislative assemblies."

Ramos has more to lose if he declared martial law, following the rules of the Constitution. But this does not mean that Ramos will not bring about authoritarian rule, which is akin to martial rule. And he will call it by another name, with the holy name of democracy tagged on to it. Ramos is not exactly known to call a spade a spade. He prefers to call an undemocratic spade a democratic shovel.

Already, the Malacanang tenant is on his way to gaining full authoritarian powers. It all began by asking his rubber stamp Congress to grant him emergency and special powers. He also knows that no matter how blatantly unconstitutional his acts and that of his Congress are, he can always be assured that the Supreme Court will rule in his favor and find ways to make these laws constitutional. The high court's judgment on the E-VAT [Expanded Value-Added Tax Law] is only one example of this all-out support.

But one who has an eye on authoritarianism does not stop wanting laws that would eventually make him a strongman. This is the reason for the anti-terrorism bill, which will grant the executive the power to wiretap, conduct electronic and communication surveillance, conduct arrests without warrants and pry open bank accounts for certain "heinous crimes."

As we all know, practically everything is now considered a heinous crime in this country. Illegal gambling, drug pushing, kidnapping and murder are now considered "heinous" crimes and will draw death.

With such a bill enacted into law, it should be fairly easy for Ramos and his soldier boys to round up his foes and his critics and haul them to jail. All one has to do is to plant evidence on a person or to get witnesses to testify against that person.

And we do know how easily the cops and the soldiers produce witnesses, even those who have no direct knowledge that the accused committed a crime.

One of the reasons Marcos imposed martial law was to ensure that his critics would be silenced. This was the reason he had his military padlock Congress and then had his enemies arrested. This is the reason he jailed many of his media critics and imposed censorship on the media.

Ramos need not resort to padlocking Congress. Not when it is his rubber stamp. He need not fear rejection from the high court, since the majority of its members are his appointees. But he does need to silence his media critics some other way. One is through the anti-terrorism bill, the other is through the "Crime Control Act."

It wouldn't be surprising to discover that Congress will come up with an "internal security" act, one that will guarantee a media person time in jail for going against the provisos of the act.

DILG [Department of Interior and Local Government]'s Alunan [Interior Secretary Raphael Alunan III] has already started the ball rolling. In a meeting with the media, he explained to them that they must know where to draw the line in reporting stories. There are, he said, some things pertaining to national security that must not be reported by media.

Ramos, his Cabinet, his political allies in Congress, the police as well as the Supreme Court are, to put it crudely, pissed at media and their critics for blowing the lid on many of their sneaky actions.

Getting the anti-terrorism bill and the crime control bill passed into law would be the way to silence their critics in Congress, in media and in the organizations that keep on protesting their acts. Of course, Ramos and his boys will never admit it publicly, but they are pushing for these bills, not to catch terrorists and criminals but to endow the former national jailer with martial law powers without the need of martial rule.

They need all these bills to silence their critics, as well as the protesting Filipino people who have been bitching about the rice problem, the E-VAT, the rising prices of basic goods, services, and oil.

With the new powers with which his subservient Congress will vest on him and his PNP [Philippine National Police] and military, he can go after his critics with a vengeance. It should be fairly easy enough for him and his cops and soldiers to brand his foes as criminals and terrorists. All government has to do, to establish proof, is to present a brilliantly edited conversation that would link one to either terrorism and heinous crimes.

To wrap up the case, police can always grab hold of bank accounts of that individual that show big deposits which, no doubt, will be "planted." It is easy enough for anyone to deposit money in the depositor's name.

Trust Ramos and his boys to resort to such tactics. They are experts at it, having gotten their training under the martial law years.

Philippines 'Secret' Military Report Said Basis of Bill

BK2301133896 Manila PNA in English 0952 GMT 22 Jan 96

[From the Press Review — received via Internet]

[FBIS Transcribed Excerpt] Manila, Jan. 22 (PNA) — Following are the top stories and excerpts of commentaries in the major English-language Philippine newspapers today: [passage omitted]

STAR — 'Oplan Bojinka' basis for antiterrorism bill — A military report alleging that three top government officials are the targets of an assassination plot by an international terrorist group became the basis for the controversial antiterrorism bill...

Sen. Raul Roco, one of those opposing the antiterrorism bill certified as urgent by Malacanang [Presidential Palace], challenged Pres. [President] Ramos to make public details of the secret report if he wanted to convince legislators of the necessity of the proposed measure...

The Senate has listed the proposed Antiterrorism Act filed by Sen. Juan Ponce Enrile as one of the priority measures when it resumes sessions today...

The military report, classified as "secret", detailed the links between local Islamic groups and international terrorist organizations based in Afghanistan, Egypt, Palestine, Lebanon, Syria, Pakistan, and Sudan...

The same report, indicated that the Philippines is being used as a "gateway or springboard" to the international terrorists' primary target which is the United States because of the Philippines' strategic location, loose immigration laws, weak frontier security, and strong ties with the United States...

The report mentioned a plot code named "Oplan Bojinka" to kill three "top-ranking" leaders of the government to be carried out by an international terrorist group. The three were not identified...

Previous reports quoting military sources said the targets were Pres. Ramos, Armed Forces Chief Gen. Arturo Enrile, and Philippine National Police Chief Recaredo Sarmiento II... [passage omitted]

Philippines Senators View Antiterrorism Bill

BK2301050696 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 22 Jan 96

[Correspondent interview with senators on terrorism bill in Senate House — date not given; recording in English]

[FBIS Translated Text] Senator Edgardo Angara has assured that the Senate conscience block will not let the controversial anti- terrorism bill pass. According to him, the conscience block does not have any plan to support the bill that might lead to the declaration of martial law.

[Begin recording] [Unidentified correspondent] Sir, this opposition to the bill is not a stand of the LDP [Laban ng Demokratikong Pilipino — Struggle of the Filipino Democrats].

[Angara] We will come up with a party stand. The party would (be) all out against this bill, because, as I have said, a draw back to authoritarianism. [sentence as heard]

Meanwhile, Senate President Neptali Gonzales said that the controversial bill will pass through rigorous examination and discussions. He strongly denied rumors that the Senate is ready to grant Malacanang's wishes.

[Gonzales] There may be agreement on the subject matter, but what should be embodied, every provision therein, there is no general agreement on them. That will be whether they are considered priority bills or not there is no commitment in advance to pass each and every provision of any measure certified or otherwise.

Nevertheless, Gonzales expressed apprehension that the anti- terrorism measure is not far from abuse if it is passed into law.

On the other hand, Senator Gringo Honasan said that he is ready to support the bill if he sees the safety measures that will be included in it. Honasan was one of the officials who helped to bring down the martial law regime.

[Unidentified correspondent in progress] ...this proposal anti- terrorism bill/

[Honasan] Fundamentally, I support it as long as we can incorporate the necessary safeguards that will raise the level of confidence of those who apparently are against it.

[Unidentified correspondent] What is your comment on the apprehensions that this might be a stepping stone to another re- imposition of martial law?

[Honasan] Well, what will make a martial law situation happen in our country. First, can the president do it;

second, with what will he do it; third, will we allow it. So, that is a reflection of our lack of confidence in our ability to implement real democracy in our country. If we will not allow it who would dare to implement martial law. [preceding sentence in Tagalog]

On the part of Senator Orlando Mercado, he believes that a heated discussion on the issue is better than for the people to be anxious after the anti-terrorism bill has been linked to martial law.

[Mercado in progress] ...stick only to certain provisions that are controversial, then maybe there are (some) fears but I precisely file this to open the debate. And this is not written in granite. It can be amended in the committee and we are willing to listen to all the arguments.

Philippines: Abu Sayyaf Members Attack Town 20 Jan

BK2201093196 Manila MANILA BULLETIN in English 22 Jan 96

[Report by Aris R. Ilagan, Cena B. de Guzman, and Vic Vega — received via Internet]

[FBIS Transcribed Text] Two teenagers were killed while several others were wounded when suspected members of the notorious Abu Sayyaf group stormed a remote village in Bualan Town, Zamboanga del Sur, last Saturday.

Reports reaching the Philippine National Police (PNP) headquarters at Camp Crame, Quezon City, said that hundreds of residents of Bualan also fled their homes after about 20 Abu Sayyaf members attacked the town.

The PNP Regional Command based in Zamboanga City said the identities of the two fatalities were not immediately known.

Reports said that the raiders, on board four pumpboats, arrived at dawn last Saturday and strafed several houses with their high powered guns on reaching the shores.

Responding police and military personnel engaged the bandits in a shootout, but the suspects managed to escape.

Reports said the suspects also looted several houses of valuables and food items before fleeing on board their boats.

More police and military personnel were deployed in the area to conduct pursuit operations against the Abu Sayyaf group believed to have sought refuge in the neighboring islands.

Four Surrender

Four members of Muslim extremist group, Abu Sayyaf, surrendered over the weekend to T'boli, South Cotabato Vice Mayor Salvador Ramos, a military report said yesterday.

The four surrenderees were identified as Armando Magindin, Ene Bandali, Martin Basi, and Herman Blogo, all of Sitio [village district] Upper Malubok, Barangay [village] Lamlahak, Lake Sebu, South Cotabato.

Based on interrogation conducted by police and military elements, the four Abu Sayyaf members were recruited by a certain Hamir Ustadz with two unidentified Immams and 22 followers.

They were taught Islam prayers and firearms familiarization and were promised cash allowances. They succeeded in two kidnap-for- ransom incidents in Lake Sebu, South Cotabato on Dec. 27, 1995 and last Jan. 8, respectively, as their test missions, the report said.

The four suspects are now under the custody of the T'boli police station pending the filing of cases against them.

Probe

The National Bureau of Investigation (NBI) said that it will place former Abu Sayyaf operations officer Edwin Angeles in an intense questioning in connection with his claim that top police and government officials knew the planting of evidence against 27 suspected foreign terrorists arrested earlier by the Philippine National Police (PNP).

Angeles, 29, who surrendered to Department of Interior and Local Government (DILG) Secretary Rafael Alunan late last year and later became intelligence consultant of the PNP, has been in the NBI protective custody since last week.

He was the 10th most wanted criminal in the country with a P [pesos] 250,000 price on his head before his surrender.

He (Angeles) claimed that he left the Abu Sayyaf because he became disillusioned over the alleged "excesses" committed by the group.

Angeles has implicated Alunan and some top PNP officials in an alleged conspiracy to frame 17 foreign terrorists arrested by the police and government agents last Dec. 16, 1995. But Alunan denied the accusations, the report said.

Angeles claimed that most of the arrested foreign terrorists were picked up by mistake by the PNP, adding that the real terrorists remain at large.

NBI Assistant Director Santiago Toledo said they decided to place Angeles under tactical questioning to clarify his claim that Alunan and top PNP officers planted several evidence against the foreign suspects.

The NBI placed Angeles in protective custody, following his claim that his life was in danger, together with his eight-month pregnant wife, Nurdaya after his expose.

The NBI said that Angeles will file charges of graft and grave misconduct against Alunan and other top PNP officials linked to the alleged planting of evidence.

Philippines: Ramos Approves 1996 Investment Plan

BK1801101996 Manila MANILA BULLETIN in English 18 Jan 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] President Ramos yesterday approved in principle the Board of Investments' framework for the 1996 Investment Priorities Plan (IPP).

The IPP, presented to the president during the Cabinet meeting at Malacanang's State Dining Room, is pegged on the theme "Global Competitiveness Through Countrywide Industry Dispersal."

The IPP gives top priority to export-oriented industries, industries undergoing industrial adjustment, and catalytic industries.

Subsequent IPP's will include support activities such as infrastructure and services, environmental support facilities, and research and development projects, and other industries or activities which, by law, require their inclusion in the plan.

Representatives from the Department of Trade and Industry, National Economic and Development Authority, Department of Finance, Presidential Management Staff, Bureau of Tourism, and the private sector drew up the framework for activities to be included in the IPP.

Export-oriented industries cover manufacturers capable of exporting 50 percent of output, and other activities supporting exports such as services and tourism projects.

Industries undergoing industrial adjustment refer to industries that need to be made competitive in comparison to similarly situated industries in other countries in line with the world trade order.

Catalytic industries are those that will trigger production of higher value-added products which in turn will boost the economy.

The following industries fall under industries undergoing adjustment:

Manufacturing: textiles (including modernization); petrochemicals; leather tanning; packaging; sugar refining; natural and chemical fibers; machinery, equipment, parts and components (including modernization) such as metal and woodworking machinery, special industrial machinery and equipment and communication equipment and apparatus, except radio and television; and tires and tubes (including modernization).

Agriculture: sugar cane plantations; composition board, processed fruits and vegetables, pharmaceuticals, cement, production of planting materials, breeders and genetic materials, and fingerlings.

Included under the support activities are:

Infrastructure and services: industrial estates/communities, power generation and transmission, telecommunications and information technology, inter island shipping, health services, industrial ports, agricultural services related to crop production and post-harvest facilities.

Environmental support facilities: industrial tree plantations, waste treatment, control, and management.

Research and development.

The following industries fall under the other mandatory inclusions: build-operate-transfer projects, mining industry, iron and steel industry, socialized housing, petroleum refining, livestock raising, rice and corn production, automotive parts and components, new and upgrading of technical educational institutes, and ASEAN industries commitment projects.

Philippines Reports 1995 Budget Surplus Decline

BK2201093696 Quezon City MALAYA in English 17 Jan 96 p 13, 15

[Report by Erik De La Cruz]

[FBIS Transcribed Text] The national government's (NG) budget surplus at P[pesos]4.7 billion remained healthy, the National Economic and Development Authority (NEDA) said yesterday.

The budget surplus registered a sharp 71.6 per cent decline last year from impressive P18.1-billion surplus the previous year.

NEDA noted the NG's budget surplus last year was an indication of its "improved" cash operations for the last two years.

NEDA sources, however attributed the decline in NG's budget surplus to the P5.3 billion shortfall in tax collections last year and lower-than-programmed non-tax receipts, particularly due to delays in privatization activities.

The sources also said that NG's disbursements as of 15 December reached P338.4 billion, 13 per cent higher than the previous year's level and 0.9 per cent more than the program for the period.

Lower interest expense and reduced equity payments and tax expenditures failed to offset higher net lending and other expenses, resulting in higher-than-programmed spending, the sources further said.

As of 15 December, NG posted revenues of P343.1 billion which were, however, higher by 8.5 per cent than 1994's total revenues.

With the lower-than-expected revenues, NG may resort to borrowing and improve further its tax collection efforts to be able to raise cash for its several projects this year.

In a report, NEDA, meanwhile, listed key economic developments in 1995 as follows using the most recent data from various agencies that include the Bangko Sentral ng Pilipinas [Central Bank of the Philippines], the Department of Budget and Management, the Department of Finance, the Bureau of Treasury, the Philippine Stock Exchange, and the National Statistics Office:

— The annual inflation rate dropped to 8.1 per cent from last year's nine per cent, as prudent fiscal and monetary management dampened the impact of a rice price shock.

— Interest rates, in line with the decline in the average inflation rate, dropped to 11.3 per cent in 1995 from 13.6 per cent in 1994.

— The fiscal sector remained healthy with the combined public sector account posting a surplus as of September 1995, largely on account of improved cash operations by the national government, the government corporate sector and other public sector entities.

— The bears dominated the stock market for most of 1995 with the composite index finishing 191.6 points lower than the previous year.

— Top Philippine exports, coconut oil and copper cathodes benefited from favorable world prices during the year.

— Imports grew by 22.3 per cent over last year to reach $21.5 billion, bringing up the trade deficit to $7.2 billion.

— The country's overall balance of payments registered a surplus of $1.0 billion during the first eight months of 1995.

— The country's gross international reserves reached $7.5 billion as of November 1995, a slight improvement over last year.

— Inflationary differential here and abroad and policy reforms directed at the foreign exchange market, caused the peso to depreciate by 8.5 per cent to P26.21/$ in December 1994.

— The country's debt service burden as a ratio to exports of goods and services declined to a manageable level of 15.1 per cent.

Thailand

Thai Editorial Rejects U.S. 'Harassment' on Drug Charges

BK2401155896 Bangkok BAN MUANG in Thai 24 Jan 96 p 3

[Editorial: "Is Thailand a Slave or a Colony of the United States?"]

[FBIS Translated Text] Commenting on the disclosure by the U.S. attorney general that the visa applications of two Thai politicians were rejected because of their involvement in drug trafficking, Special Colonel Thanat Khoman, the world-renowned former Thai foreign minister, said during an interview: As a matter of fact, the United States does not have to reveal its reasons for denying visas to anyone. If I were accused without evidence like that, I would file libel charges against the person in a U.S. court. I would not sit still because the accuser is a minister rather than just an ambassador. To link the rejection of visa applications to unfounded drug trafficking allegations provides sufficient grounds for filing a libel lawsuit.

Regarding the report that 10 other Thai politicians and business people are being closely watched by the United States for the same reason, Special Colonel Thanat said: This report has caused damage to Thailand and the Thai people. I personally believe that the United States wants to keep Thailand under its control by trying to act like a saint that is striving to eradicate narcotics. While serving as chairman of the Public Inquiry Commission, I contacted the United States to request information and evidence concerning the drug trafficking allegations. I received no reply. As for the evidence the United States handed to the Thai foreign minister, it has no legal value because it was merely documents from the U.S. intelligence agency.

We publish this report on the opinion of Special Colonel Thanat Khoman for our fraternal Thai people who cherish the national prestige and dignity of the Thai people, to consider whether it is appropriate for the United States to hurl such groundless allegations against citizens of an independent and sovereign country like Thailand. As a matter of fact, Thailand has always been very cooperative with the United States in narcotics suppression. The recent extradition of a former Thai politician to face drug trafficking charges in the United States, as requested by the United States under the Thai-U.S. extradition treaty, testifies to this statement.

The unsubstantiated drug allegations made by the U.S. attorney general against Thai politicians and businessmen must be regarded as an act of threatening, defaming, and blatantly trampling on the prestige and dignity of Thailand and the Thai people. Since Clinton became President, U.S. behavior in this regard has manifested its unfriendly attitude toward the Thai people, Thailand, and the beloved institutions of the Thai people and its ill intentions toward Thailand. We appeal to our fraternal patriots who cherish the dignity of the Thai people to consider correctly and fairly the way the United States treats us. Is it appropriate for Thailand and the Thai people to continue to tolerate U.S. harassment? Thailand is not a U.S. slave or colony. If we, the Thai people, lower ourselves to consider our country a U.S. slave or colony, the latter will feel free to do whatever it wants to us.

Stray Shells From Cambodian Battle Land in Thailand

BK2101145996 Bangkok Radio Thailand Network in Thai 1200 GMT 21 Jan 96

[FBIS Translated Text] The Public Relations Office in Sa Kaeo Province has reported that Cambodian Government forces today mobilized about 10,000 soldiers with heavy weapons into Poipet and fired about 20 artillery rounds on the Khmer Rouge forces at Hill 25, which is occupied by the Khmer Rouge. One artillery shell landed in Thai rice fields, behind Ban Khok Sabaeng School, Tambon Tha Kham of Aranyaprathet district, sending rice farmers running in panic.

The Aranyaprathet Task Force Unit from the Burapha Task Force fired smoke mortar rounds to warn the two fighting Cambodian sides, but to no avail. The Cambodian forces fired another seven rounds of BM-14 rockets into Thai territory between checkpoints number 07 and 08 in Ban Khok Sabaeng, Aranyaprathet District. Nobody was injured. The Aranyaprathet Task Force Unit returned one shot and informed the Thai-Cambodian Coordination Office to ask the Cambodian side to refrain from firing into Thai territory. The Thai side will return fire if the Cambodian side fires into Thai territory. The Aranyaprathet Task Force Unit sent troops with four armored vehicles to take up positions on the border to cope with the situation around the clock.

Thai Army 'Worried' Over Burmese Troop Movement

BK2301044596 Bangkok THE NATION in English 23 Jan 96 p A2

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] The Burmese junta has strengthened its control of Shan state by sending in more troops to areas near Thailand's northern border after the withdrawal of opium warlord Khun Sa's Mong Tai Army [MTA].

The advance of more Burmese troops equipped with light arms and heavy artillery has worried both the Thai Army and ethnic Wa forces.

The Wa army has been fighting the MTA since last June for control of the rugged terrain around Doi Lang and Mong Yawn, opposite Thailand's Mae Ai district in Chiang Mai.

Thai security officers said the Burmese army has sent two divisions of troops with heavy artillery from Shan state's southern command in Ken Tung to Mong Hsat, about 30 kilometres northwest of Ban Hin Taek in Mae Fa Luang district of Chiang Rai and to Mong Tum, about 10 km north of Ban Hin Taek.

From there the forces moved to the Doi Lang area, which is also claimed by Thailand.

Thai security officers and a representative of the United Wa State Army (UWSA) said they had detected Burmese troops around Hua Mae Kham where the MTA stronghold of Pa Kae under the command of Col [Colonel] Sulai is located.

The Burmese troops arrived and dug in around Hua Mae Kham on Jan 18, which is opposite Thailand's Ban Hin Taek, said the Wa officer.

He added that the sudden advance of several hundred Burmese troops to Hua Mae Kham without the UWSA being informed had led to heavy mortar clashes between both sides on Jan 10 in which five Burmese forces were killed and 11 others wounded. The shellings began at 4 am and ended at around 9 am the same morning.

The day after the clashes between the Burmese 331st Battalion and the Wa 214th Army Division, Burmese troops informed their military office in Tachilek, where the UWSA has also set up a southern liaison office, of the presence of the Burmese Army in the Hua Mae Kham area, the officer said.

He added that the Wa had learned that the Burmese and the MTA are now living together in some MTA outposts in the Hua Mae Kham area. The officer did not know if any MTA forces were hurt during the heavy shellings.

"They [Burmese liaison officers] told us of the presence of Burmese troops around Hua Mae Kham and asked us to stop the shelling," he said.

Thai officers said a few Shan refugees have fled into Thailand since the Burmese troop deployment around Doi Lang early this month, with a small number of them having arrived at the Hua Mae Kham border area.

They said the Thai Army is still closely watching the movement of the Burmese Army and its deployment close to the Thai border.

One officer said yesterday that Thai troops that were sent in to reinforce the Doi Lang area have already established contact and communication with the Burmese forces in the area.

"It seems the leaders in the two capitals are in contact. On the ground, tensions have also greatly eased and the Thai and Burmese troops sometimes dine together," he said.

A heavy burden is placed on middle-ranking Thai commanders "who have to maintain a calm situation and good atmosphere and to take any contingent measures to reduce any tension and possible clashes," said the same officer who has often visited the area.

Except for the two spots of Doi Lang and Hua Mae Kham, most of the rugged terrain opposite Chiang Mai and Chiang Rai remains under MTA control, whose leader Khun Sa struck a secret deal last month with the Burmese junta in which he allowed the central authorities to take control of his territory.

Both Wa and Thai officers said they did not know if the Burmese troops would advance further to take all MTA positions west of Hua Mae Kham to Tachilek and around Pang Mai Sung and Pang Seua Thao, which are located opposite Chiang Mai's Chiang Dao district.

They believed the ruling Burmese State Law and Order Restoration Council (SLORC) would make utmost "political and military" use of its deal with Khun Sa and that more SLORC leaders would pay a visit to the MTA headquarters of Ho Mong, opposite Mae Hong Son province.

A well-informed Shan source told THE NATION that he believed the visit to Rangoon by Khun Sa's sons early this month led to the Jan 18 trip to Ho Mong by Lt Gen [Lieutenant General] Maung Thint, a SLORC member and minister for Border Areas and National Races Development.

Thailand: DPRK Approaches Thai Firm on Road Deal

BK2201033896 Bangkok ASIA TIMES in English 22 Jan 96 pp 1, 2

[Report by Satya Sivaraman and Terry Maness, Asia Times, from Bangkok and Singapore]

[FBIS Transcribed Text] North Korea is quietly wooing foreign companies to invest in its showpiece Rajin-Sonbong free trade zone, but the courtship is proving to be lengthy and troublesome.

Though the zone has attracted more than US$200 million in contracted investment from 23 countries, only about 10 percent of this has so far materialized.

Companies planning to set up operations in the zone include the oil multinational Shell, Dutch bank ING and fund managers Peregrine. attractive, North Korean authorities are now trying to convince a Thailand-based company to invest in an economically strategic road linking the free trade zone to the borders of Russia and China.

According to a senior North Korean official, discussions are under way with DD Siam, a little known Thai trading company, for the contract which he said would involve investments of up to US$300 million.

The project consists of two phases, one a 42-km stretch linking the free trade zone to Russia and the other a 108-km road leading to the northeastern Chinese province of Jilin.

According to the offer made to DD Siam, the company would be responsible for raising all the funds for the project, as well as implementing it using North Korean labor.

In return, the company could expect revenues from the fees collected from export containers using the roads for transporting goods to and from the North Korean ports of Rajin and Sonbong.

"The road will be vital for both cutting transport costs for South Korean and Japanese goods going into China and Russia as well as allowing products from China's Jilin province access to a seaport," said the North Korean official.

But sources close to DD Siam said the deal could face problems in the near future because of the uncertainty over the project's commercial viability.

The Rajin-Sonbong free trade zone is located in the Tumen River delta at the junction of the Chinese, Russian and North Korean borders. Since 1991, the United Nations Industrial Development Organization

(UNIDO) has been promoting the region as as a major export processing area.

According to UN offficials, developing the area where the Tumen meets the Sea of Japan would allow for a mutually beneficial arrangement to use the combination of natural resources from Siberia and Mongolia, rich agriculture in northeast China, and cheap Chinese and North Korean labor. Projects proposed for the area include 11 specialized harbors, an inland port, rail hub and international airport, at a cost of about US$30 billion.

North Korean authorities made the offer to DD Siam a few months ago when executives from the company visited the free trade zone to inspect, for a possible purchase, an oil refinery there. The refinery, owned by Korea Petroleum, is currently non-operational because of a lack of crude oil. DD Siam, which has access to Iranian oil supplies, has already signed a memorandum of understanding for the deal, contingent on the refinery proving its viability.

According to sources close to the Thai company, the basic problem with the road project was uncertainty about the volume of traffic it would have. Apart from the fact that the free trade zone has yet to be developed fully, the sources said there were also doubts about the extent to which China would actually use the roads for its export products.

Finding financing for the project was also difficult, they said, because of the absence of feasibility studies, risk coverage and a reasonable forecast of earnings.

The sources said, however, that though they were not interested enough to go with the project at present, the road would be potentially useful in the future, depending on how trade relations develop between Russia, Japan, Korea and China.

Four months ago, Thailand-based telecom company Loxley won a US$635 million contract to set up 515,000 fixed phone lines in the free trade zone. Its competitors for the project included South Korean conglomerate Samsung and several European companies. The project consists of three phases involving investments of US$35 millions US$100 million and US$500 million. Work on the first phase to set up 15,000 lines is expected to begin early this year. Loxley is now believed to be in the process of setting up a communications center for a meeting of the United Nations Development Program in June.

Last year the three Tumen River states, plus South Korea and Mongolia, agreed on measures for developing trade, infrastructure, finance and banking in the underdeveloped but resource-rich region. China and South Korea in particular have strongly supported the project, pouring millions of dollars into the development of the Tumen delta.

THailand, Israel Sign Accord To End Double Taxation

BK2301045196 Bangkok BANGKOK POST in English 23 Jan 96 p 28

[Unattributed report]

[FBIS Transcribed Text] Thailand and Israel yesterday signed an agreement to end double taxation, while eliminating loopholes exploited by tax dodgers.

Israeli Finance Minister Avraham Shohat praised the first economic agreement between the two countries, saying it would promote two-way investment.

Israel had entered a new era following the peace accord with the Palestinians, he said.

His trip includes stops in Thailand, South Korea, Hong Kong, Vietnam and India to lift Israel's business profile and sign economic pacts.

Mr. Shohat said he would discuss with his counterpart, Surakiat Sathianthai, the possibility of establishing a permanent commission which they would head, to follow up progress in relations between the two countries.

The Israeli Government would grant credit of up to US$100 million for exports to Thailand, he said. Credit lines would be backed by insurance and/or guarantees by Israel Foreign Trade Risks Insurance Corp. Agreements on investor protection and customs would be in place soon.

Two-way trade between Thailand and Israel would double within 2-3 years, Mr. Shohat said.

It was likely to have reached US$400 million last year. Israel's exports to Thailand between January and September alone were valued at $178.8 million, while imports from Thailand were worth $117.4 million, he said.

Israeli Ambassador Mordekhay Levy said joint ventures in diamond- cutting and agricultural technology were under way. Possibilities included high-tech industries, aviation, health and medical equipment, chemistry and textiles.

Other areas of interest in Asia are telecommunications, electronics, medical technology and agricultural businesses.

"Israelis could come in as subcontractors, too. We would like Israeli companies to get into subcontracting in car assembly," Mr. Levy said.

Mr. Shohat said Israel's two-way trade with the Far East was worth about $4 billion per year, of which at least a quarter was with South Korea.

Thailand will upgrade its honorary consulate and trade office in Tel Aviv to an embassy next month. A trade centre is likely to follow, according to Mr. Levy.

Mr. Shohat will return to Thailand to meet other ministers, after a brief visit to Vietnam, the first by an Israeli minister since relations with Vietnam were formally renewed in 1994.

With the Palestine peace accord being implemented Mr. Shohat said he was confident trade with Asia would improve and it would not be long before Muslim countries such as Malaysia and Indonesia increased their ties with Israel.

Philippines, Iran, Russia Ask To Buy Thai Rice

BK2201092896 Bangkok Radio Thailand Network in English 0000 GMT 22 Jan 96

[FBIS Transcribed Text] Iran, Russia, and the Philippines want to buy Thai rice at a total volume of 750,000 tons. Director General of the Department of Foreign Trade Pracha Charutrakunchai says Thai rice situation in terms of prices and export will improve this year. He says Iran has recently expressed its intention to buy 400,000 [tons] of rice from Thailand. Russia wants to buy 200,000 tons and the Philippines 150,000 tons.

Mr. Pracha says major foreign buyers have turned to import more rice from Thailand since Thai rice is of good quality and Thai exporters have strictly complied with their contracts, thus creating confidence among importers.

This year farmers get 5,100 to 5,200 baht for one ton of paddy against 3,600 to 3,700 baht they received last year. Thai rice export last year was registered at six million tons, the highest record since 1989.

Vietnam

SRV Diplomatic Relations Anniversary Celebrated With China

BK1801015696 Hanoi VNA in English 1550 GMT 17 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan. 17 — Vietnamese Foreign Minister Nguyen Manh Cam and his Chinese counterpart Qian Qichen have exchanged greetings on the 46th establishment anniversary of the diplomatic relations between Vietnam and China (January 18).

In their congratulatory messages, the two foreign ministers noted with satisfaction the recent positive development in the bilateral friendship and multi-faceted cooperation. They also expressed their strong confidence that these relations will develop steadily and soundly into the next century.

Also on this occasion, the Vietnam [word indistinct] of friendship organisations and the Vietnam-China Friendship Association sent greetings to their Chinese counterparts, wishing the fraternal chinese people greater success in their current reform and the two countries' friendship and comprehensive cooperation development.

SRV Seventh Round of Border Talks With PRC Opens

BK2301155496 Hong Kong AFP in English 1103 GMT 23 Jan 96

[FBIS Transcribed Text] Hanoi, Jan 23 (AFP) — China and Vietnam opened talks in Hanoi Tuesday on marking out their contested frontier, a Vietnamese official said.

The seventh round of talks since the two sides began discussions in October 1993 are being led by technical officials from Vietnam's Frontier Commission and the Chinese Foreign Ministry.

"The two sides are looking to resolve differences in the demarcation of the land border," an official from the commission said. The talks are due to last until Friday.

According to officials here, the differences under discussion stem from the Sino-Vietnamese war of 1979. Hanoi says China moved the border after the brief conflict, violating agreements that go back to French colonial times.

Chinese recently presented the Vietnamese with a new demarcation of the frontier but Vietnamese sources said it contained around 100 differences from their version of the map.

Since normalising their relations in 1991, the neighbours have stepped up economic and trade contacts but their complex territorial disputes remain to be solved.

Vietnamese officials have said they want to see cross-border rail traffic resume before the Lunar New Year holiday in February but the Chinese have said there has been no agreement yet on rail tariffs.

"There are still some technical issues to be resolved," the Vietnamese official said. No date has been released yet for further negotiation on reopening railway links.

SRV Aug 95 No. 9 TAP CHI CONG SAN Table of Contents

963E0004A Hanoi TAP CHI CONG SAN in Vietnamese No. 9 Aug 95 p 1

[FBIS Translated Text]

Fifty Years of Building, Fighting, and Maturation of the People's Public Security Force [Bui Thien Ngo] 3
Building the Border Defense Force in the Cause of Managing and Defending the Fatherland's Borders [Trinh Tran] 9
The Relationship Between Economic Growth and Inflation [Cao Sy Kiem; not translated] 12

Research - Exchange of Opinions

Inflation in Our Country at Present [Tran Ho; not translated] 16
A Sharp Weapon for Ideologists [To Huy Rua; not translated] 19
Confucianism in the Cause of Renovating the Country [Phan Van Cac; not translated] 22
Foreign Exchange Policy and the Exchange Rate Problem of the Vietnamese Dong at Present [Nguyen Tran Que; not translated] 25

Reality - Experience

Impressions of Cape Ca Mau [Tien Hai; not translated] 30
Some Problems Posed by the Building of the Export Processing Zone in Ho Chi Minh City [Nguyen Chon Trung; not translated] 35
Kim Bang Surges Ahead in the Educational Socialization Movement [Phan Quynh Anh; not translated] 38

Letters to the Editorial Staff

Additional Suggestions to the Direction of Industrialization [Van Doanh; not translated] 42

The Journal and Readers, Readers and the Journal

Conference of Contributors, Readers, and Distributors of TAP CHI CONG SAN in the Mekong Delta [not translated] 43

The World: Issues and Events

A New Step Forward in the Vietnam-US Relations [Vo Thu Phuong] 47

From Foreign Publications

"In Retrospect: The Tragedy and Lessons of Vietnam" (Excerpts From the Memoirs of Former US Defense Secretary McNamara) [not translated] 49

Understanding Concepts

Cold War, Soft War [not translated] 53

News of Theoretical and Practical Activities

Examination and Approval of a Study on the Subject "The Moving Force of Market-Economy Development Under the One-Party (Communist Party) Political System in Vietnam [not translated] 54
The Conference To Review the Experiences of Strong Basic Party Organizations in Hanoi [not translated] 55

SRV Party Journal: Minister Comments on Security Force's New Tasks

963E0004B Hanoi TAP CHI CONG SAN in Vietnamese No. 9 Aug 95 pp 3-8

[Article by Interior Minister Bui Thien Ngo: "Fifty Years of Building, Fighting, and Maturation of the People's Public Security Force"]

[FBIS Translated Excerpt] Throughout its 50 years of building, fighting, and gradual maturation, the People's Public Security Force [PPSF], organized and directly led by the Communist Party of Vietnam [CPV], has made worthy contributions to the cause of building and defending the revolutionary gains. [passage omitted]

Since the late 1980's, many far-reaching and complex changes have occurred inside the country and in the world at large. The socialist system no longer exists. While our country's socioeconomic system was beset by crisis, seriously in some aspects, many untoward changes developed in the Eastern Sea, at times critically. Amid that situation, the imperialists feverishly carried out the "peaceful evolution" strategy. Considering Vietnam a key target, they mustered forces, coordinated efforts inside and outside the country, and concentrated their activities in all field—economic, political, cultural, and social—with the aim of infiltrating into our internal ranks, causing trouble, fomenting rebellion, abolishing our party's leadership, and subverting our regime.

Under the light of the renovation policy initiated by the Resolution of the Sixth Party Congress and supplemented and developed by the Resolution of the Seventh Party Congress, the PPSF has actively uncovered, struggled against, and thwarted hostile forces' scheme and acts of carrying out "peaceful evolution," causing trouble, and fomenting rebellion. It has adopted many effective counter-measures to deal with outside infiltrators' attempts to collude with local reactionaries to sabotage us. In so doing it has contributed to firmly maintaining domestic political stability, promoting economic building and development, and implementing the party's open-door foreign policy.[passage omitted]

Thanks to its regular indoctrination, the PPSF is always boundlessly loyal to the revolutionary cause of the entire party and people. There have been countless examples of resourcefulness and courage set by PPSF collectives and individuals. In the wars of resistance against foreign aggressors as well as in peacetime, they have worked hard night and day to protect economic, cultural, and social construction efforts and to safeguard the people's peaceful life. Thanks to that, they have won public admiration and affection.

The PPSF has also known how to coordinate with other forces and bring into play the tradition of great national unity, especially internal unity, in order to satisfactorily fulfill its tasks. The PPSF has selectively applied the experience of the world's security forces; at the same time, it has strengthened its effective cooperation with the security forces of various countries in the struggle against crime and international reactionary forces. Putting to good account the strength of the entire political system and people and creating an aggregate strength to effect active prevention and to actively and continually attack the enemy are a traditional guiding principle of the PPSF.

In the PPSF's general coordination with various forces to create a strong people's security disposition, we should mention the special coordination of action between the PPSF and the Vietnam People Army [VPA]. Together, the PPSF and VPA form an invincible force for the defense of the party and socialist fatherland. Uncle Ho once said: "The public security and the army are the two arms of the people, the party, the government, and dictatorship of the proletariat." This is a decisive factor helping us to defeat the enemy in wartime and crush opposing forces in peacetime. In the new stage, coordination of action between the public security and the army is even more important; for this reason, this coordination has been institutionalized, with a clear division of functions and duties between the two forces. The people's security system is also arranged in close coordination with the all-people national defense disposition according to the overall strategy as well as in each specific locality.

Our country's renovation undertaking has recorded important achievements. This undertaking is proceeding against a complex international background that offers both new opportunities and challenges. Forces hostile to our country are continuing to carry out their "peaceful evolution" scheme in order to cause trouble, sabotage our national construction efforts, foment rebellion, abolish our party's leadership, and subvert the socialist regime in a more feverish, insidious, and cunning manner. The situation in the Eastern Sea and at the borders is also marked by many important changes. In the country, there remain the dangers of falling further behind economically, deviating from the socialist orientation, corruption and other social evils.... All this requires that the PPSF should redouble its efforts in carrying out its duty.

The Seventh Party Congress Resolution stated: "Firmly maintaining national security, ensuring national political stability, struggling to frustrate all schemes and acts of sabotage of enemies of all stripes and other kinds of criminals, maintaining public order and security, firmly safeguarding the revolutionary gains, and effectively serving the renovation undertaking are an important task in the cause of national construction and defense." The Seventh Party Congress also raised this requirement: "We must build a pure and strong PPSF worthy of being an assault armed force on the front of maintaining public order and security."

Obviously, the task and direction of building the public security force in the new stage must meet the requirement of firmly maintaining political stability, ensuring national security, preserving public order and safety, firmly protecting the revolutionary gains, effectively serving the renovation undertaking, and contributing to defending the independence, sovereignty, and territorial integrity—including the land, airspace, waters, continental shelf, and exclusive economic zone—of the socialist fatherland. We must build a pure and strong PPSF worthy of being a hard-core assault armed force on the front of safeguarding national security and maintaining public order and safety, a force capable of effectively coping with all schemes and activities of hostile forces.

In building the PPSF managerial apparatus and cadre contingent, we must rely on *scientific, comprehensive, uniform, and precise* calculations. The PPSF should be developed comprehensively in terms of politics, ideology, and organization to ensure its quality as well as its capability. We must link this task with the content and requirements of the state's administrative reforms in order to fully and concretely determine the PPSF's functions and tasks; reorganize its managerial apparatus to make it efficient, compact, and rational; improve the operational procedures and the mechanism for coordination and cooperation with other forces and sectors and with the army. We must combine our efforts with the mass revolutionary movement and the movement to study and carry out the six instructions by Uncle Ho in building the public security ranks and revamping and improving the various links of cadre work (from recruitment, training, management, and use to cadre policy).

The PPSF is a special organization and force. It is an important armed force and a sharp tool of the party and state for implementing dictatorship; at the same time, it is a law-enforcement and law-protection organ. Moreover, as the building of the PPSF is being carried out amid the process of resolving the contradiction between us and the enemy in the period of open-door policy and under the multisector economic system operating according to the market mechanism and under the state management, we should be extremely alert, cautious, strict, and creative, and should conform to the spirit of renovation. These are new requirements that should be seriously and fully studied to build the PPSF into a revolutionary, regular, well-trained, and gradually modernized force capable of achieving the objectives and meeting the requirements of its tasks in the new stage.

Building a politically strong PPSF is a task of primary importance which determines the revolutionary character of the PPSF. To build a politically strong force is to ensure and strengthen the party's absolute and direct leadership over the public security force in all respects, to make sure that it is always a reliable and loyal force of the party and a sharp tool of the socialist state, and to strengthen the close relationship between the public security and the people. At the same time, we must ceaselessly enhance the revolutionary quality and virtue of the public security force, promote a healthy way of life (especially in the conditions of market economy and broadened international relations), and consolidate solidarity and unity in the force.

We must regularly educate the PPSF in Marxism-Leninism and Ho Chi Minh thoughts, combining education in the PPSF's traditions with organization of movements for concrete and practical revolutionary actions, with satisfactory fulfillment of political tasks being the intended ultimate results. More than ever before, the PPSF must strongly assert its revolutionary character; it must not show an ambivalent attitude toward or slacken vigilance in face of hostile forces' slanderous allegations.

Strengthening the building of party organizations in the PPSF in accordance with the spirit of the Resolution of the Third Plenum of the Party Central Committee on party renovation and reorganization is the urgent central tasks aimed at strengthening the PPSF politically and ideologically.

We must enhance the intellectual power, leadership, practical ability, theoretical standard, professional level, legal knowledge, and other necessary basic knowledge of the PPSF to ensure that it measures up to the country's renovation undertaking and political tasks in the new situation.

The PPSF's organization must be built in accordance with the principle of ensuring the party's absolute and direct leadership in all respects and combining sectoral management with territorial management in an appropriate manner. At the same time, we must thoroughly understand the Resolution of the Eighth Plenum of the Seventh Party Central Committee on reforming the national administrative system and strengthening the state management of the maintenance of public order and security.

The PPSF has *two* principal functions: administering state management in the field of public order and security, and directly struggling against, actively investigating, uncovering, preventing, checking, and dealing with crime and violations of the law on public order and security. For this reason, we must transfer those duties not directly relating to the public security's functions to more appropriate services, especially at the grass-roots level.

Maintaining public order and security is part and parcel of the class struggle and relates to the regime's existence. This task constitutes an extensive area of political and social activities, is closely linked and intertwines with other domains, and relates to the interests, prestige, and role of the nation in international relations. Therefore, the state management of public order and security must be centralized and unified and cannot be divided. The Interior Ministry is responsible to the Political Bureau and government for all public order and security work nationwide.

To bring into full play the aggregate strength on the spot and to promptly resolve a number of local public order and security problems according to the law and the Interior Ministry's guidance, it is necessary to entrust the local people's committees with some public order and security management duties in their localities (such as internal protection, protection of state secrets, building the people's security system; directly settling disputes among the people and complicated trouble-causing incidents occurring in narrow local areas, issuing regulations on the maintenance of public order and traffic order and on fire fighting and prevention..., and taking administrative measures against violations of public order and security management).

We should lose no time in perfecting the legal system concerning public order and security. In particular, we should clearly define the authority and obligations of the various state agencies, social organizations, and citizens to the cause of maintaining public order and security. We should clearly define organizational regulations and special professional measures serving as the basis for the public security to perform its duty of maintaining public order and security. We should reexamine administrative procedures concerning public order and security management, abolishing unnecessary formalities causing trouble to the people, especially the formalities concerning emigration and immigration, registration and management of the means of transportation, household and resident management.... This is meant to effectively serve the country's need for socioeconomic development.

We should continue to study ways to improve the managerial apparatus of the PPSF so as to turn this force into a strong, efficient, and compact armed force by centralizing, unifying, and specializing it in conformity with its protective duty and with the need to struggle against each object in each line, each area, and each locality, thereby ensuring that the PPSF is capable of launching effective attacks and operating and fighting with high efficiency and good results.

We should continue to renovate cadre work in conformity with the national renovation process, the national administrative reforms, and the broadening of international relations, thereby meeting the requirement of maintaining public order and security in the new situation. We should build a contingent of public security cadres with a reasonable number of personnel, using the need to enhance quality as the fundamental principle. We should study ways to establish the standards for each position, using them as the criteria for evaluating, assigning, and using cadres. Each cadre and combatant must satisfactorily perform their functions and duties with enthusiasm, creativity, and a sense of unconditional service to the people.

The quality of the contingent of public security cadres and combatants consists of several constituent elements. Public security cadres and combatants must be not only politically steadfast, capable of mass motivation work, and professionally proficient, and must not only grasp and satisfactorily apply laws, but must also have the necessary knowledge of other branches of science useful to the performance of public security work, in particular foreign languages, computer science.... At the same time, public security cadres and combatants must be in good health.

An urgent problem now is that we must concentrate our efforts on enhancing the standards and capability of public security cadres and combatants. Cadres and combatants of professional, specialized forces must be trained formally and systematically. We must attach special importance to retraining and supplementary training to provide cadres and combatants with new knowledge suitable for each position. We must pay special attention to building a contingent of good and capable leaders and commanders and leading professional cadres in each area of work.

We must actively struggle against corruption and negativism, resolutely eliminate corrupt, deviant cadres hurting the public security force's prestige. We should recruit outstanding, fully qualified, and gifted people for the public security force. The state should adopt a policy aimed at attracting talented people to the public security force on a priority basis and mobilize the leading experts of various sectors to cooperate with the public security force in serving the need to maintain national security and order.

With regard to providing public security cadres and combatants with materials and equipment and ensuring their livelihood, this task must be considered an important factor in the organization of the PPSF. This requirement has become even more pressing in the current conditions of scientific, technical, and technological development and broadened international exchanges.

On the basis of the current domestic situation and the new international background, we should bring into full play our sense of self-reliance; at the same time, we should study ways to gradually broaden our relations of cooperation with other countries in strict accordance with the party's viewpoints and line to ensure that, in the long run, the Vietnamese public security will not lag behind other security and police forces in the region in terms of materials and equipment. The provision of a material and technical base for the public security largely depends on the development of the national economy, but we should give priority to buying modern technical means really essential for the safeguarding of national security and the maintenance of public order and safety. We must adopt a new viewpoint in formulating and implementing compensation policies and procedures concerning the public security based on the recognition that public security work has its own characteristics and that it involves a special kind of labor. This labor not only requires physical strength and intellectual power but also calls for the sacrifice of one's own life when necessary. Therefore, compensation policies and procedures must ensure the livelihood of cadres, combatants, and their families (in accordance with the new model of family) so that these cadres and combatants can work and fight with peace of mind. On the other hand, we must pay greater attention to the special forces doing strenuous work in remote, inaccessible areas under harmful conditions.... We should adopt an appropriate policy toward the invalids and the families of cadres and combatants killed in action. With regard to the force of collaborators, we should also apply an adequate compensation policy toward them and the law should protect them.

If we satisfactorily carry out the tasks mentioned above, we will be able to build the PPSF into a worthy hardcore assault force on the front of safeguarding national security and maintaining public order and safety—a force that will be gradually regularized and modernized to effective serve the cause of renovation and contribute to firmly defending national independence, sovereignty, territorial integrity, and the socialist regime in our country.

SRV Party Journal: Border Defense Commander on Group's New Tasks

963E0004C Hanoi TAP CHI CONG SAN in Vietnamese No. 9 Aug 95 pp 9-11

[Article by Lieutenant General Trinh Tran, commanding officer of the Border Defense Force: "Building the Border Defense Force in the Cause of Managing and Defending the Fatherland's Borders"]

[FBIS Translated Excerpt] [passage omitted] Since embarking on the renovation undertaking, our country has undergone many changes. Socioeconomic development and the open-door policy to the world have created numerous favorable conditions for us, but it has also given rise to many new difficulties. Taking advantage of our state's open-door policy, the enemy has regularly established contact with the locals to cause trouble at our borders, in our sea areas, and on our offshore islands in an attempt to weaken us and obstruct the advance of our nation. Our Border Defense Force [BDF] has promptly renovated its operational procedures, policy, and measures to serve socioeconomic development and the implementation of foreign policy, to build borders of peace and friendship with neighboring countries, and to participate in implementing various socioeconomic programs and resolving pressing problems concerning the livelihood of the ethnic minority people in the border areas. Step by step, the BDF has educated the ethnic minority groups at the borders and on offshore islands in how to struggle against hostile forces' scheme to carry out peaceful evolution and foment subversive rebellion, how to struggle in defense of our sovereignty and territory, and how to contribute to firmly maintaining the country's political stability. [Passage omitted]

In the days ahead, the task of defending our sovereignty and the security of the fatherland's borders and sea areas will become even more important. The international and regional situation is still developing in a complicated manner, and hostile forces at home and abroad are feverishly carrying out their schemes of "peaceful evolution" and subversive rebellion in an attempt to abolish the socialist regime in our country. The struggle in defense of our sovereignty and territorial integrity in the various border areas is still developing in an extremely complicated and protracted manner; especially, the struggle in defense of our sea areas and offshore islands has become even more intense. On its part, the struggle against economic and criminal offenses, against smuggling across the border and on the sea, for the maintenance of public order and security, and against social evils is also an issue that is pressing and complicated in many respects.

In view of its new tasks, the BDF should gain a profound understanding of its duties, fully analyze and assess the advantages and difficulties, and foresee developmental trends and untoward contingencies in order to continue renovating border defense work and organization of combat operations and to retain the initiative in any situation.

First, we must spare no effort in bringing into play the fine traditions and experience acquired in the past years and intensify the building of a strong, revolutionary, regular, modern, and rationally organized border defense force of high quality. Cadres and combatants must be carefully trained to ensure that they are politically capable and reliable. At the same time, we must see to it that they are militarily and professionally proficient; that they are good at maintaining security, handling foreign relations, and mobilizing the masses; and that they have a firm grasp of the party's domestic and foreign policies, the state's laws, and international rules and regulations in order to satisfactorily assume the principal role entrusted by the entire people in managing and defending the fatherland's borders, sea areas, and offshore islands.

The BDF must establish close relations with the ethnic minorities in the border areas and on the sea and offshore islands, firmly maintain the people's confidence and the great national unity, put to good account the strength of the masses, and build strong mass movements to defend the fatherland's sovereignty and border security. The BDF must actively join the localities in mobilizing the masses to implement various socioeconomic development programs in the mountain and sea areas and on offshore islands. It must make every effort to contribute to developing democracy, improving the people's living conditions, raising their cultural standard, resolving pressing problems concerning their livelihood, settling contradictions among the people, and establishing strong political bases in ethnic minority villages and hamlets.

Second, we must closely combine economic building with national security and defense, and vice versa. Border defense work must be aimed at safeguarding national sovereignty, territorial integrity, natural resources, and the environment, and at creating favorable conditions for emigration and immigration activities, investment, and economic cooperation with foreign countries. All economic activities must contribute to ensuring national sovereignty and security, must help maintain national order and discipline, and must not hurt national interests.

Third, we must resolutely defend our national sovereignty, territorial integrity, and national interests against all acts of outsiders violating our sovereignty and encroaching on our territory. We must launch a mass movement to combat crime and maintain order and security at the national borders. We must firmly maintain security inside the border, especially the regions inhabited by the ethnic minorities and religious people, and must effectively struggle to prevent outside hostile forces from establishing contact with local reactionaries and infiltrating into the country to carry out sabotage, upset security, and foment rebellion at the borders, in the sea areas, and on offshore islands. We must persevere in building borders of peace and friendship; at the same time, we must remain alert to prevent hostile forces from creating complicated situations in our relations with other countries concerning the border areas. *Fourth,* we must do our utmost to build an all-people border defense system based on popular support by closely combining the border defense force, the army, the public security, the militia and self-defense forces, the forestry service, the customs, the tax service... into an aggregate force with a powerful fighting strength to firmly defend the fatherland's borders, sea areas, and offshore islands.

In the immediate future, the BDF still has to face a number of difficulties: a legal system serving as the basis for strengthening the state management of national borders has not yet been promulgated; the level of investment in infrastructure building—especially road building—in economic building and development, and in improving the living conditions of the ethnic minorities at the borders, in various sea areas, and on offshore islands remains low; investment in providing technical military means, communications equipment, and sea patrol craft for the BDF is still limited; border defense cadres and combatants still suffer severe deprivation in their intellectual and material life.... However, benefiting from the party's leadership and the unified state management of national borders throughout the country, plus the care shown by the people in all respects, the BDF will certainly be able to overcome all difficulties and outstandingly fulfill its tasks.

SRV Party Journal: New Challenges in SRV-US Relations

963E0004 Hanoi TAP CHI CONG SAN
in Vietnamese No. 9 Aug 95 pp 47-48

[Article by Vo Thu Phuong: "A New Step Forward in Vietnam-US Relations"]

[FBIS Translated Text] President Bill Clinton's 11 July 1995 statement on normalizing diplomatic relations with Vietnam was an important decision. It ended an eventful period in diplomatic relations between the two countries and opened up a *new stage*: the stage of reconciliation between Vietnamese and Americans with regard to the issue of Vietnam-US relations. It can be said that this was an event reflecting the particularly complicated status of the Vietnam-US relations. Therefore, few other statements about establishment of diplomatic relations have captured so much international attention.

The bumpy road to reconciliation

To reach that decision, both Vietnam and the United States had made great efforts and traveled a long road strewn with obstacles for more than four years, a period of time twice as long as the US State Department had anticipated in its 9 April 1994 "Road Map."

In the United States, all those who obstructed the normalization of bilateral relations had used the POW/MIA issue as a barricade to stop the flow of this process. Mr. Robert Dole, leader of the Senate majority and the Republican front-runner in the 1996 presidential elections, cosponsored with Senator Robert Smith an ill-intentioned resolution urging the banning of all funds slated for the establishment of diplomatic ties with Vietnam and denying it the most-favored-nation status until President Bill Clinton could affirm that Vietnam had "fully and readily cooperated" with the Unites State in accounting for the US servicemen missing in action. Accompanying this resolution was a series of obstructive activities undertaken by various organizations and groups including organizations of Vietnamese emigrants. In reality, the POW/MIA question is a very sensitive issue in US society. It can easily revive the "post-Vietnam syndrome" which has divided US society; it is an obstinate wound never before suffered by the United States.

The Vietnamese government and people understand all too well and sympathize with the feelings of the US servicemen's mothers and families. In the Vietnam War, if there still are about 2,000 persons missing in action on the US side, there are up to hundreds of thousands of MIA's on the Vietnamese side. However, motivated by their humanitarian tradition, the Vietnamese government and people have done all they could in the search for the American MIA's in the hope of alleviating somewhat the pains of their relatives. This has been confirmed by not a few responsible and knowledgeable Americans. Brigadier General Charles (Vai-on), commander of the Joint Task Force for the Search of MIA's (headquartered in Hawaii), said: "All the Vietnamese officials I met have sincerely shown concern about resolving this (POW/MIA) issue. I think that they are working very actively and that their unilateral efforts are increasing steadily." Mr. Robert (Di-xtech), a senior analyst of the US Defense Department POW/MIA agency, also affirmed: "The Vietnamese are striving in good faith and with sincerity to find the documents we are interested in. Once these documents are found, they share them with us."

Many progressive US organizations and a number of politicians and officials have concentrated their minds and energy on the struggle for establishment of full diplomatic relations with Vietnam. In his 11 July 1995 statement, President Bill Clinton mentioned these persons with gratitude: "All Americans should be particularly grateful to Senators John McCain, John Kerry, and Charles Robb and Representative Peter Peterson, along with other Vietnam War veterans in Congress, including Senator Tom Harkin, and Representatives (Colbert) and (Ginrett), those who have just left, and those who are here in the audience. They have always shown great concern about Vietnam, but have overcome the obsessive and painful past to find a common ground for the future."

The remaining difficulties ahead

The United States' establishment of full diplomatic relations with Vietnam reflects the aspiration of large sections of the American people, the Vietnamese people, and the peoples in Southeast Asia to shake off the painful memories of the past war and turn toward building the future. This event conforms with the developmental trend of our time and contributes positively to the cause of consolidating peace, stability, and development in Southeast Asia and the rest of the world. This is a major victory for the Vietnamese people in the cause of building and defending their socialist homeland, a victory for the progressive movements in America, and a common victory for the peoples of various countries in the region and the world over who long for peace, friendship, and cooperation.

The establishment of full diplomatic relation between Vietnam and the United States is major success in the tenacious diplomatic activities of our government and people, a success of our foreign policy—an independent and sovereign policy of diversification, mutilateralization, and friendship with all countries of the international community in the interest of peace, stability, and development. To date, Vietnam has established diplomatic relations with 155 nations. Since the end of World War II, this is the first time that Vietnam has established full diplomatic relations with all the powers in the world. Along with Vietnam's officially becoming a member of ASEAN and the signing of the Agreement on Economic and Trade Cooperation between Vietnam and the European Union, the establishment of diplomatic relations between Vietnam and the United States (all the three important events took place in July 1995) has further consolidated the strong and stable position of Vietnam in the international arena and created proper conditions and a favorable environment for economic building in Vietnam.

This diplomatic fruition resulted from the efforts made by both sides. On our side, the fundamental and decisive factor has been the achievements recorded in the renovation undertaking: a growing economy; curtailed inflation; new development in agriculture, which has advanced from food shortages to having grain for export. The infrastructure has been built and consolidated step by step. The political and social situation is stable. The steady and promising development of the renovation undertaking has created a favorable environment for broadening and strengthening diplomatic relations. That is the close relationship between *domestic and foreign affairs*. It can be said that the establishment of full diplomatic relations by the United States with Vietnam is an aggregate victory of the Vietnamese people in national construction and integration into the international community. From now on there will be better conditions for both Vietnam and the United State to resolve the outstanding problems of the POW/MIA issue, thereby creating a favorable environment for cooperation in investment, economic exchanges, and trade, as well as in the scientific and technical fields. There will be better conditions for Vietnamese scientists and economists to learn from the experience of a highly developed country like the United States. An opportunity for cooperation has now been created for both sides. Just a month ago, such an opportunity was still a dream of American businessmen. Without normal relations between the two countries, it would be difficult for American businessmen to avoid being in a disadvantageous position in the international competition in Vietnam.

Despite the new development, in Vietnam-US relations there still is *a great many difficulties and complexities* that should be overcome. As a matter of fact, not all the problems have been resolved. Only a few hours after President Clinton's statement, the chairman of the Senate Foreign Relations Committee, Jesse Helms, threatened to block the appointment of a US ambassador to Hanoi (the appointment of ambassadors must be approved by this committee). Benjamin Gilman, chairman of a House committee, also said that Congress might block the funds slated for the US embassy in Vietnam. However, in principle, US Congress cannot reverse the shift in President Clinton's Vietnam policy. Everything, including difficulties and advantages, can still happen. But the most difficult obstacle has been courageously overcome by President Clinton.

In his 12 July 1995 statement, Prime Minister Vo Van Kiet affirmed: "The Vietnamese government and people welcome President Clinton's 11 July 1995 decision and are prepared to reach an agreement with the US government on a new framework for relations between the two countries on the basis of equality, respect for each other's independence and sovereignty, non-interference in each other's internal affairs, mutual benefits, and conformity to the universal principles and international law." Only by persisting in and strictly implementing those principles will the legitimate interests of the Vietnamese and American peoples be guaranteed and Vietnam-US relations be developed. Reality has shown that international relations and relations of cooperation between countries can develop only on the basis of respect for the right of each nation to self-determination and to choose its own path the path of advance. We do not interfere and impose, neither do we accept interference in and imposition on our internal affairs by anyone. In our millennia-long history of national construction and defense, our people have learned many valuable lessons on this matter—on the spirit of independence and sovereignty, on courage and neighborliness—and we are prepared to shake hands with friends. It is for this reason that, in international relations, our people always respect other nations' right to independence and sovereignty; at the same time we firmly maintain our own independence and sovereignty. With the establishment of diplomatic relations with the United States, a new opportunity is presenting itself and new challenges are emerging. If we retain the initiative and know how to exploit the opportunity to the fullest and to anticipate the challenges to be overcome, we will certainly be able to win even greater victory in the building and defense of our socialist homeland.

Australia

Australia: France To Conduct Another Nuclear Test

BK2501073196 Melbourne Radio Australia in English 0500 GMT 25 Jan 96

[FBIS Transcribed Text] Australia's foreign minister, Gareth Evans, says he expects France to carry out another nuclear test in the South Pacific possibly within days. France has conducted five nuclear tests so far but it indicated the initial plan of eight underground explosions could be cut to six. Senator Evans says that because of international pressure all the indications from the French Government are that it wants to get the tests over as soon as possible. Sen. Evans says he expects the next test will be the last.

Fiji

Fiji Opposition Leader on Speech by British Minister

LD2501105796 Wellington Radio New Zealand International in English 0800 GMT 25 Dec 96

[FBIS Transribed Text] In a tough speech on the Pacific, British Foreign Office Minister Jeremy Hanley has bluntly told island nations that large aid programs are under threat. The minister said Britain and the European Union are not prepared to write blank cheques. He condemned the refusal by Solomon Islands of British offers to help develop the sustainable use of scarce resources such as forestry and he hopes Fiji's Constitution Review Commission can overturn the current race-based constitution. He says if Fiji rejects democracy, investors will think long and hard about putting money into a divided society.

The tough speech has been welcomed by Fiji's leader of the opposition, Jai Ram Reddy [leader of the National Federation Party], who says it shows that at least at one level there is some grasp of the problems in Fiji.

[Begin Reddy recording] There really is a tragedy unfolding in Fiji and perhaps countries around the world and perhaps even in our own region are not aware of what is happening here. We already have a constitution which has totally marginalized the Indo-Fijian community here and to compound that you have an enormous land problem, where the Indian community owns about 1.3 percent of all the land here; they are tenants on the rest of the land. [end recording]

New Zealand

New Zealand Editorial on East Timor Asylum Seekers

BK2301013296 Christchurch THE PRESS in English 17 Jan 96

[Editorial: "Safe Refuge" — received via Internet]

[FBIS Transcribed Text] New Zealand's handling of the asylum seekers at its Jakarta embassy was reasonable. The sending of the five East Timorese from the embassy to Portugal was in their best interests because it protected their lives and placed them in a culture to which they are connected.

It might be assumed that those who broke into the embassy wanted to get to New Zealand. Indeed they asked for this, although they eventually agreed to go to Portugal. Don McKinnon, the New Zealand Foreign Minister, is undoubtedly right in saying that there is a political motive in East Timorese seeking asylum at embassies as well as a desire to get out of Indonesia. No reason supports the assumption that they want to live in the country of the embassy in which they seek asylum. This certainly is the thinking of the several other nations that have had their Jakarta embassies invaded.

Portugal agreed to offer the youths political asylum. Indeed, because of its position as the former colonial power in East Timor, its willingness to take the youths, and because many East Timorese asylum seekers are already within its boarders, Portugal is an appropriate refuge. The Red Cross agrees. No legal obligation exists for countries whose embassies are entered by asylum seekers to offer asylum, but there are political and humanitarian factors they need to consider. Thus, New Zealand looked after the youths who broke in, and its actions did not stop at arranging a country of refuge. It helped, by negotiating with the Indonesian and Portuguese governments, to ensure that the young people were able to leave Indonesia safely — the Indonesians did not put barriers in the way.

The use of New Zealand embassies and high commissions by those seeking political asylum is comparatively rare. Because similar actions had occurred at other embassies in Jakarta, the New Zealand Embassy and Government had prepared itself.

The incident occurred just before this week's renewed talks between Indonesia, Portugal, and the United Nations about East Timor. Thus, the incident at the embassy will focus international attention on the whole question of the territory. Certainly Indonesia must be embarrassed by this procession of asylum seekers.

The new talks are the seventh round, and whether they will be more productive this year is uncertain. Portugal does not accept Indonesia's 1976 annexation of the territory, nor does the United Nations. Indonesia and Portugal are saying that they want the talks to be substantial, but that guarantees nothing. Indonesia might want to be seen to be making some progress because the East Timor issue hurts its international standing. Progress, though, will not be easy.

Portugal has just had an election and the new Government will have to feel its way over East Timor. In Indonesia the issue is bound up with two other issues: Indonesia's unity, and the position of the armed forces. The prestige of the armed forces, who play a major role in Indonesia's Government, is at stake over East Timor. The attitude to territorial unity is such that it is almost inconceivable that Indonesia would grant East Timor independence. Indonesia is a country of more than 300 languages, numerous ethnic groups, and diverse religions. For one part to gain independence would create demands for other parts to become independent.

Some hope is to be had from Indonesia's Human Rights Commission, which has been showing a surprising amount of independence in its rulings. It has criticised army actions in East Timor and this has led to charges being laid against soldiers. Even if the Indonesian Government is unwilling to take criticism from other countries, it cannot for domestic and international reasons ignore its own human-rights watchdog.

New Zealand Editorial on Progress of Economic Recovery

BK0801023396 Christchurch THE PRESS in English 3 Jan 96

[Editorial: "A Difficult Success" — received via Internet]

[FBIS Transcribed Text] The measures of economic recovery which New Zealand enjoys have been recited so often that we risk forgetting what they mean. Among them: 1995 was the second calendar year running to see growth of above 5 per cent, the highest in more than a decade. Unemployment continued to fall, remaining on a downward trajectory for the first time since the jobs crisis began in the early 1980s. The Government achieved a surplus and is confident of achieving many more. The surplus is predicted to be $2.9 billion this financial year, rising to $5.9 billion in 1998/99. Manufactured exports — which bring the country most value and most jobs — rose to make up about 25 per cent of all exports, double that of around seven years ago. Most important of all, the current recovery is different in kind, not just degree, from those the country has experienced in the past. The country has achieved the conditions for sustained growth, rather than the boom-and-bust cycles that plagued much of New Zealand's history.

Why then, did the mantras of recovery assume a somewhat hollow sound in 1995? Why is there still so much apparent pain? It is experienced not just by the thousands who are still unemployed or surviving on benefits or hand-ups, as the Government likes to call social assistance these days. During 1995 it became increasingly clear that the very generators of the country's wealth — the manufacturers, the primary producers, the exporters — found it hard to do business. Is the recovery not all it was cracked up to be?

The easy answer, and the one that many have opted for, is the Reserve Bank. The year just finished was the biggest test yet of the six-year-old Reserve Bank Act which gave the central bank a single mandate and the independence to follow it free of political interference. That mandate is, as everybody knows and most accept, price stability. Less universally agreed is the definition of price stability as 0 to 2 per cent inflation. That is almost certainly the tightest band in the world which any central bank is asked to target. In 1995, with the economy continuing to surge, asking the governor of the Reserve Bank, Don Brash, to stick to that target was a bit like telling a space shuttle pilot to bring down his huge machine on an aero club landing strip.

Nobody doubts Dr Brash's integrity or, really, the skill of his bankers in reaching their goal. Yet he overshot the runway once during the year and ended the year with another warning — reversing an earlier signal that the controls could be relaxed — that the target looks like being overshot again in 1996.

Unfortunately, this is no academic game. The Reserve Bank's tinkering to reach its target has a dramatic effect on all the economy. Most notably it is measured in higher interest rates. Mortgaged home owners know the pain of that and so do businesses that rely on capital to expand. At the same time, the tight monetary setting feeds into a high exchange rate which robs exporters of their margins and makes it successively more difficult to get their products into overseas markets at a price the markets will bear. Many would argue — and there is much truth in it — that a high exchange rate is a vote of confidence by overseas investors, the reward a country receives for a successful economy. But in 1995, it proved to be a hard reward for many to stomach.

Farmers, in particular, have been vehement in opposing the regime that brings the rewards of high interest and exchange rates. In 1995 they campaigned that the measurement of economic growth was out of kilter with the real facts of the economy. They argued that the hotted-up Auckland economy was skewing the national readings. Why should a Southland farmer have to pay for the boom in inner-city Auckland apartments through higher interest rates? Furthermore, they said the 0 to 2 per cent target was too tight. Why all this ruinous fiddling with the settings when we are not facing real inflation but just the natural effervescence of a healthy economy?

Manufacturers had similar complaints although they voiced them more subtly. They did not want to suggest for a minute — and neither did the farmers — that they could not see the merits of low inflation. The manufacturers did not want to look as if they were repeating their stance of the mid-80s when they vociferously argued against the tariff reductions and free-market reforms that eventually proved to be the very injection of lifeblood that they needed. So instead, manufacturers said the campaign for efficiency needed to be taken to new sectors of the economy. The chief executive of the Canterbury Manufacturers' Association, Michael Hannah, said that ACC [expansion unknown] and electricity prices — both a huge and increasing premium on businesses — would be a good place to start. To that could be added local authority rating and spending. That particular campaign was spearheaded by the Business Roundtable. They argued it was time for local authorities to face the same disciplines that central government faces — and to pare their activities back to the basics.

That call is growing. It points to an ironic reality of the recovery. Provided future governments and other controllers of public money do not reverse the path of the last decade, sustained economic health is likely. But it is a different kind of health, a tougher regime than the old days of buoyancy. Public spenders will never again have the easy option to tax and spend. It is neither politically acceptable nor economically sensible. Businesses likewise are accepting the new reality that life in post-recovery New Zealand is not going to be easy. We were mistaken if we saw a nirvana at the end of the reforms. Instead, the only path is to trade ever more efficiently, ever more intelligently. There will be no end point, and no time when it will be possible to let up.

Papua New Guinea

Bougainville Separatists Said Jamming Local Radio

LD1801201696 Melbourne Radio Australia in English 1900 GMT 17 Jan 96

[FBIS Transcribed Text] Government officials on Papua New Guinea's Bougainville Island claim the Bougainville Revolutionary Army [BRA] is jamming broadcasts of the government radio station on the island. The station, Radio United Bougainville, says the BRA is deliberately transmitting on the same frequency when the station broadcasts information about the December peace talks in the Australian city of Cairns. Papua New Guinea officials say the BRA is claiming the talks ended with United Nations and Commonwealth approval for Bougainville independence.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.